

Exhibit D

WG: Schur Flexibles

From: Paul Pruss <pruss@lindsaygoldbergvogel.com>
 To: "Dees, Michael" <dees@lindsaygoldbergllc.com>
 Date: Wed, 15 May 2019 10:59:30 -0400

Von: Paul Pruss
 Gesendet: Mittwoch, 15. Mai 2019 13:50
 An: Koester, Tobias; christopher.droege@gs.com
 Betreff: Schur Flexibles

Tobias, Christopher,

I am sure you are aware of this article that came out during our refinancing in late Q4 2018. But this will be the perception of many sponsors in the beginning, so that we need to make sure we tick all boxes and can defend or better change their view. Good news, the debt is trading strong. Last trade was made above 99. I know best proof will be a strong CYT, so that people can see that pro-forma turn into actuals.

Paul

Schur Flexibles dividend recap faces uphill battle amid hefty adjustments, lack of financials and slim cash generation – loan preview

05 December 2018 | 15:19 GMT

Schur Flexibles' EUR 275m refinancing and dividend recap is facing strong headwinds over hefty EBITDA adjustments, a lack of financials and the chunky repayment of a shareholder loan, according to seven buysiders.

The B2/B-rated Austrian packaging business is guiding a EUR 275m TLB at 99 and Euribor+ 425bps-450bps with 0% floor. The deal includes a EUR 25m-equivalent RCF. Total net debt will reach EUR 304m, including EUR 4m of cash on balance sheet at closing and EUR 33m of roll-over debt.

Proceeds will refinance the company's existing EUR 70.6m corporate facility and EUR 52.4m PIK note outside the restricted group, repay a EUR 2m draw on the RCF and EUR 66.9m of shareholder loans, pay a EUR 1.1m advisory fee to sponsor Lindsay Goldberg Vogel in addition to funding EUR 34m of the acquisitions of Cats-Hänsel and Nimax and refinancing EUR 35m of UNI Packaging existing debt. Schur will have EUR 4m of cash on balance sheet post transaction.

Puffy adjustments

The deal is marketed at EUR 68m LTM September 2018 pro-forma EBITDA, which takes headline net leverage to 4.5x with a decent 5.5x equity cushion of EUR 376m.

However, the earnings have been spruced up by some heavy adjustments, the buysiders warned.

Management normalised LTM EBITDA to September was just EUR 38.4m, although the Cats-Hänsel & Nimax and UNI Packaging acquisitions will add some EUR 14.7m of EBITDA, taking the figure to EUR 53.1m, which suggests leverage is closer to 5.7x.

But even those figures contain heavy addbacks, such as EUR 10m of management normalisations for transaction and restructuring costs. Actual reported EBITDA excluding the earnings contribution from recent acquisitions was just EUR 26m, two of the sources highlighted.

"Their leverage is close to 6x and they have made acquisitions valued at around 7x EV. This doesn't leave much of equity value," said the first buysider. "On the face of it the deal looks ok, but it's pretty awful. It is a very opportunistic dividend and in terms of timing is very bad."

"The EBITDA adjustments are very aggressive," a second buysider agreed. "Working off a more realistic EBITDA means leverage is much higher than advertised by the arrangers."

A rare maintenance covenant, starting at 35% headroom with quarterly step-downs to 3.5x, provides some comfort, alongside a cash sweep mechanism of 50% up to 4.15x leverage and 25% up to 3.65x leverage.

"There is a maintenance covenant, so it is going to be attractive for CLOs," said the first source.

However, the credit agreement includes a free and clear basket of up to EUR 33.5m and soft capped at 50% EBITDA, which also raised some eyebrows among buysiders.

"The business' fundamentals are fine, but I would expect them to tweak the adjustments and the terms on the baskets, as they are too aggressive," said a third buysider.

Pool cash generation

One of the biggest concerns for buysiders is the company's thin cash generation, with prospective investors worried that the recent growth was achieved through numerous acquisitions and that Schur will continue its buy & build consolidation strategy despite management claims that it will focus exclusively on integration. The group has swallowed up 11 peers and made one greenfield investment since 2011.

"The business will remain highly acquisitive and cash burn could continue for the next couple of years," said the first buysider.

"Based on actual EBITDA they don't generate cash, and even on their own forecast cash generation in 2019-2020 will be minimal while the integration process is ongoing," the second buysider added. "This business could remain highly acquisitive, which means EBITDA adjustments and heavy cash burn could continue for the next couple of years."

Adjusted pro forma EBITDA minus capex for the LTM September 2018 period comes to around EUR 43m. That is based on EUR 16m of capex, which down from EUR 20m in FY17 and below the group's capex target of 25%-30% of EBITDA.

Buysiders note that Schur has not fully digested its last three acquisitions – it bought Zwart & TSO in 2017, and Cats-Haensel and Nimax and UNI Packaging in 2018 – and is still a cluster of different companies rather than a fully integrated operation, which poses execution risk.

"They have grown a lot through acquisitions and there has been only a bit of integration. So, just looking at the numbers, I don't have an idea of what they really are producing," said the first source.

Business troubles

On headline numbers Schur has grown rapidly, with sales more than quadrupling to EUR 510m in the LTM June 2018 period from EUR 127m in 2011, making it the number four flexibles producer in the European market.

But the acquisition-led growth story masks some underlying issues, buysiders highlighted, with the core business suffering a big drop in like-for-like sales in 2016 followed by a modest rebound in 2017. EBITDA in the flexibles division, which accounts for 80% of the group, has been under pressure in 2016 and 2017.

A lack of historical earnings is preventing prospective lenders from getting their heads around the business performances.

"This deal is one of the worst I have seen in terms of lack of information. You need to cross your fingers and hope that it goes back home, because you cannot see it from the historical financials," noted the first buysider.

"The downturn in 2016 hit margins only by 0.5% and was due to tobacco destocking following to the introduction of pictures in the packaging," said a source close to the deal.

"They had some quality issues that resulted in customer losses," the second buysider noted. "While they fixed some of that in 2017 they have made more acquisitions since and the integration of those won't be easy."

The issues were flagged in a recent Moody's report. Buysiders were critical that the lender presentation omitted any mention of the quality problems.

"We don't understand how they cannot mention the issues named by Moody's," said the first buysider. "Also the management team does not seem stable, which is not a good signal."

CEO Thorsten Kühn left the company in August 2018, just four months after having joined. The company is currently run by the executive chair Thomas Unger, former CEO of Constantia Flexibles and partner at Lindsay Goldberg Vogel since 2017.

Buysiders also raised some concerns over the group's business model. Schur operates a "pit stop" production model, with short runs to fill spot orders mainly from SMEs (which account for 70% of sales), which means it is less automated and has higher labour costs than competitors that benefit more from economies of scale. Schur's EBITDA margins range between 10%-11% versus 15%-16% for competitors.

"Everything is spot, manufactured in small orders from small clients," said the second buysider.

"No contracts, no locked-in on raw material prices. No visibility on top-line revenues," added the first source.

Inventory relief

But the production model is beneficial in terms of working capital, with Schur running lower inventories as a result, while it also provides the group with more scope to pass through raw material cost rises given that it is never locked into long-term contracts, the source close and a third buysider countered.

"This is pretty standard within the industry," said the source close. "Also, cost pass-through for the company is automatic within one month for 70% of clients and within three months for the remaining part."

"There is no inventory here, and the company is not affected by the volatility on raw material markets unlike its competitors," noted the third buysider.

Schur is also working on improving its cost base, to hedge against a potential economic downturn across its main geographies. The company generates 29% of its sales in the DACH region, 22% in the UK and Benelux and 18% in Southern Europe.

"They have now their first automated plant. Also, they shut some more expensive plants, for instance in south Germany and the Netherlands, and moved the production to Poland and Slovakia, moving from c70k-salary jurisdictions to a c15k-20k salary jurisdictions. Some work has also been done in integrating customers across geographies," said the source close. "You can still see it as more labour intensive, but costs are reducing overall."

"They are tightly bound to SMEs in certain geographies. If the cycle turns south it can rapidly cause some problems," said the third buysider.

Schur benefits from resilient end markets, but growth is low at around 1%-2% while it operates in a highly competitive and fragmented field, the sources noted.

The group is also likely facing pressure from tightening environmental regulation, a fourth buysider said.

"We have a real concern that single-use plastics are facing mounting headwinds. While plastics are likely to remain for some of their end markets (e.g. pharma and

certain foods e.g. meats), there's no reason why you couldn't replace some of their end markets for more environmentally-friendly alternatives," the fourth buysider commented. "In addition, this deal has high leverage, is small and has some customer concentration."

Commitments are due end of today (5 December) but syndication could extend to the end of the week, buysiders suggested.

Sponsor Lindsay Goldberg Vogel and Schur Flexibles did not reply to a request for comment.

by Amadeo Gona and Joelle Jefferis

Re: EXTERNALLY FORWARDABLE: Triton Invests in Acquisition of All4Labels

From: "Dees, Michael" <dees@lindsaygoldbergllc.com>
 To: "Martin, Sarah-Marie" <sarah-marie.martin@gs.com>
 Cc: "Convey, Colin" <colin.convey@gs.com>
 Date: Tue, 20 Aug 2019 16:55:17 -0400

Agreed.

I had a long call today with Christopher and Tobias. I am concerned about the interest level of the European sponsors in Schur. I will write a more specific email that I will copy you on, but I really want to determine how we have more engagement from sponsors with a large European presence. We have lost quite a few in the last several days – and a few are not engaged.

From: Sarah Martin <Sarah-Marie.Martin@gs.com>
 Date: Tuesday, August 20, 2019 at 9:01 AM
 To: Michael Dees <Dees@lindsaygoldbergllc.com>
 Cc: "Convey, Colin" <Colin.Convey@gs.com>
 Subject: FW: EXTERNALLY FORWARDABLE: Triton Invests in Acquisition of All4Labels
 Resent-From: Proofpoint Essentials <do-not-reply@proofpointessentials.com>
 Resent-To: Michael Dees <dees@lindsaygoldbergllc.com>
 Resent-Date: Tuesday, August 20, 2019 at 8:56 AM
 Michael, another good data point. Best, GS team

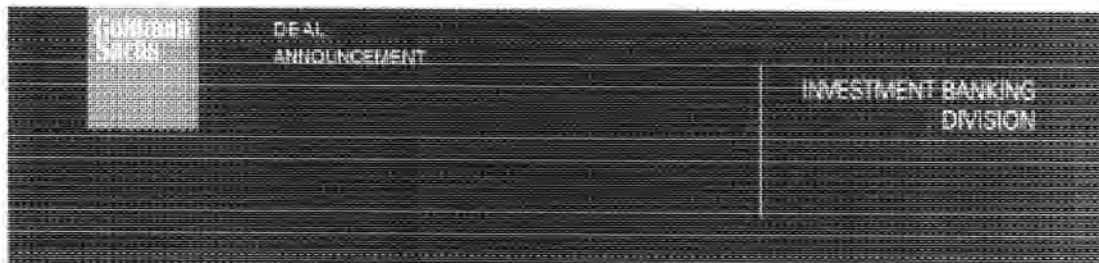
From: IBD Case Studies
 Sent: Tuesday, August 20, 2019 8:54:20 AM
 To: 'All IBD'
 Subject: EXTERNALLY FORWARDABLE: Triton Invests in Acquisition of All4Labels

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Triton Invests in Acquisition of All4Labels
 Announced: August 19, 2019



All4Labels
 GLOBAL PACKAGING GROUP

Triton

GENUI

Goldman Sachs Bank Europe SE Acted as Financial Advisor to shareholders of All4Labels

Transaction Overview

- On 19 August 2019, Triton Partners ("Triton") announced that it reached an agreement to acquire a stake in All4Labels – Global Packaging Group ("All4Labels").
- Triton will invest along with the current management, who are partly rolling over their stake, and who will continue to run the business. Genui Partners, a minority shareholder, will be selling their stake.
- Goldman Sachs has a leading franchise in global packaging and has successfully executed 3 labels sale transactions over the last 2 years. This transaction is another great example of our continued leadership in the packaging sector.

Overview of All4Labels

- All4Labels, headquartered in Hamburg, is one of the world's leading label manufacturers and is a pioneer in digital printing solutions.
- It is a packaging player with a network of 29 production sites in Europe, Latin America, Africa and China with >3,000 employees.

serving >5,000 customers globally

- The company offers a one-stop-shop concept for customers including pressure sensitive, shrink sleeve and security labels and flexible solutions.

Overview of Genui Partners

- Genui Partners is Germany based private investment firm established by a group of entrepreneurs

Overview of Triton

- Founded in 1997, Triton focuses on mid-market businesses headquartered in Europe in the business services, consumer/health and industrials sectors

We would be happy to discuss this transaction with you in more detail at your convenience.

Best regards,

Goldman Sachs



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Re: Project Sky - Schur Flexibles CEO Meeting

885

From: Thomas Unger <unger@lindsaygoldbergvogel.com>
 To: "Dees, Michael" <dees@lindsaygoldbergllc.com>
 Date: Wed, 04 Sep 2019 01:06:36 -0400

ok.

Von: Michael Dees <Dees@lindsaygoldbergllc.com>
 Datum: Dienstag, 3. September 2019 um 23:14
 An: Thomas Unger LGV <Unger@lindsaygoldbergvogel.com>
 Betreff: FW: Project Sky - Schur Flexibles CEO Meeting
 Thomas,
 Let's discuss Partners Group when we speak next.
 Michael

From: Andrew Oliver <andrew.oliver@partnersgroup.com>
 Date: Tuesday, September 3, 2019 at 1:24 PM
 To: Michael Dees <Dees@lindsaygoldbergllc.com>
 Subject: FW: Project Sky - Schur Flexibles CEO Meeting
 Michael,

Per your suggestion, reached out to GS through my VP to get access to financials and it seems they won't be available for our meeting with the CEO.
 Andrew

From: Schindler, Niko <Niko.Schindler@gs.com>
 Sent: Tuesday, September 3, 2019 11:03
 To: Michael Sexton <michael.sexton@partnersgroup.com>; Bosse-Janzing, Christina E <Christina.Bosse-Janzing@gs.com>
 Cc: Convey, Colin <Colin.Convey@gs.com>; Joel Schwartz <joel.schwartz@partnersgroup.com>; Andrew Oliver <andrew.oliver@partnersgroup.com>; Wich Matthias <Matthias.Wich@gs.com>
 Subject: RE: Project Sky - Schur Flexibles CEO Meeting
EXTERNAL

Thank you, Mike. On your points below, we kindly would like to point you towards the CIM that will be shared in the near term and will address all your open points. Unfortunately we wouldn't be able to share additional information in advance.

Many thanks,

Niko

From: Michael Sexton [mailto:michael.sexton@partnersgroup.com]

Sent: 03 September 2019 15:36

To: Bosse-Janzing, Christina E [IBD]

Cc: Convey, Colin [IBD]; Schindler, Niko [IBD]; Joel Schwartz; Andrew Oliver

Subject: RE: Project Sky - Schur Flexibles CEO Meeting

Christina – know that we owe you discussion topics, which we will follow-up on shortly, but in the interim wanted to check on an update with respect to financial information? Better understanding EBITDA remains our highest priority diligence area. Specifically: (i) YTD June 6/30 financials, (ii) a bridge to year-end forecast and (iii) support for historical margin expansion.

Would be helpful to clear this underbrush and would better inform our questions for next Monday.

Thanks,

Mike

From: Bosse-Janzing, Christina E <Christina.Bosse-Janzing@gs.com>

Sent: Monday, September 2, 2019 9:24 AM

To: Joel Schwartz <joel.schwartz@partnersgroup.com>; Michael Sexton <michael.sexton@partnersgroup.com>; Andrew Oliver <andrew.oliver@partnersgroup.com>

Cc: Convey, Colin <Colin.Convey@gs.com>; Schindler, Niko <Niko.Schindler@gs.com>

Subject: RE: Project Sky - Schur Flexibles CEO Meeting
EXTERNAL

Dear all,

Ahead of next week's meeting with the CEO of Schur Flexibles it would be helpful for us if you could forward us your top 10 questions / key focus areas that you would like to discuss during this session.

Would it be possible for you to share these by the end of this week?

Please let us know in case you have any further questions.

Many thanks and best regards,


Christina


Goldman Sachs Bank Europe SE

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Christina Bosse-Janzing 

Investment Banking Division 

(Christina Bosse-Janzing | Thomas Dogn-Paterson | Dr. Matthias Böck)

Goldman Sachs Bank Europe SE

MesseTurm | Friedrich-Ebert-Anlage 49 | D-60308 Frankfurt am Main

---Original Appointment---

From: Bosse-Janzing, Christina E [IBD]

Sent: 20 August 2019 23:31

To: joel.schwartz@partnersgroup.com; michael.sexton@partnersgroup.com; andrew.oliver@partnersgroup.com; Convey, Colin [IBD]; Droege, Christopher [IBD]; Wich, Matthias [IBD]; Schindler, Niko [IBD]

Subject: Project Sky - Schur Flexibles CEO Meeting

When: 09 September 2019 19:15-21:00 (UTC+01:00) Brussels, Copenhagen, Madrid, Paris.

Where: Goldman Sachs NY Office, 200 West Street, New York, NY 10282, USA

Goldman Sachs Bank Europe SE

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Christina Bosse-Janzing

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(Christina Bosse-Janzing | Thomas Dogn-Paterson | Dr. Matthias Böck)

Goldman Sachs Bank Europe SE

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Re: Schur - initial bids

From: "Goldberg, Alan" <goldberg@lindsaygoldbergllc.com>
To: "Dees, Michael" <dees@lindsaygoldbergllc.com>
Date: Thu, 17 Oct 2019 23:43:30 -0400

I agree with your strategy. It's an easy call. Remember we can always hold and sell again in 18 months.
Alan

Alan E. Goldberg
Co-Founder & CEO
Lindsay Goldberg
450 Fifth Avenue, 30th Floor
New York, NY 10011
Phone: 212-651-1103
Email: goldberg@lindsaygoldbergllc.com
www.lindsaygoldbergllc.com

Sent from my wireless device

On Oct 17, 2019, at 11:12 PM, Dees, Michael <Dees@lindsaygoldbergllc.com> wrote:

Alan,

Below is the current update with regard to bids:

- Partners Group: EUR 800 million, which represents a >EUR 100 million premium to our mark and yields 2.25x ROI and >35% IRR with a 1Q 2020 closing
- PAI: EUR 700 million; slightly above our mark, but likely more than our mark due to fewer deductions. Will yield between 1.9-2.0x and IRR over 30%
- Onex & Novalpina / Mubadala (two separate bids): both at EUR 600 million

We will receive a bid from KPS and may receive bids from Platinum Equity and Lone Star. There is also a German strategic (Freudenberg Group) that approached Goldman very late and is working (but will not bid for 2 weeks).

Note that Partners and PAI were the two runners-up (to Triton) in the Goldman-led sale process for AI4Labels, a German packaging asset sold very recently.

Other than Partners, the valuations are disappointing and the number of bids are disappointing. While we do not know for certain, it appears that many parties are not participating because they think that (i) we are flipping this asset very quickly (after completing several add-on acquisitions in 2018) and (ii) our EBITDA must be overinflated somehow. They have no specific issues, as we reported EUR 45 million in 1H 2019, but they appear to be uncomfortable with the risk that our improved performance is somehow not sustainable.

We will have a meeting / call with Goldman tomorrow morning (after receiving all bids) to determine our approach. My preliminary view is that we need to kick out the low bids and move forward with only the bids at EUR 700 million or above. I think that, if we entertain bids at the low level, we will signal a dire need to sell and we risk that the other bidders come down significantly. There is probably a lot more strategy around what we do, but I think that we need to signal that EUR 600 million will not work when we expect to report over EUR 90 million in EBITDA for 2019.

I will send any further bid information to you later today / early tomorrow. Feel free to call me at any time to discuss.

Michael



Project Sky

Bid Document – Phase I

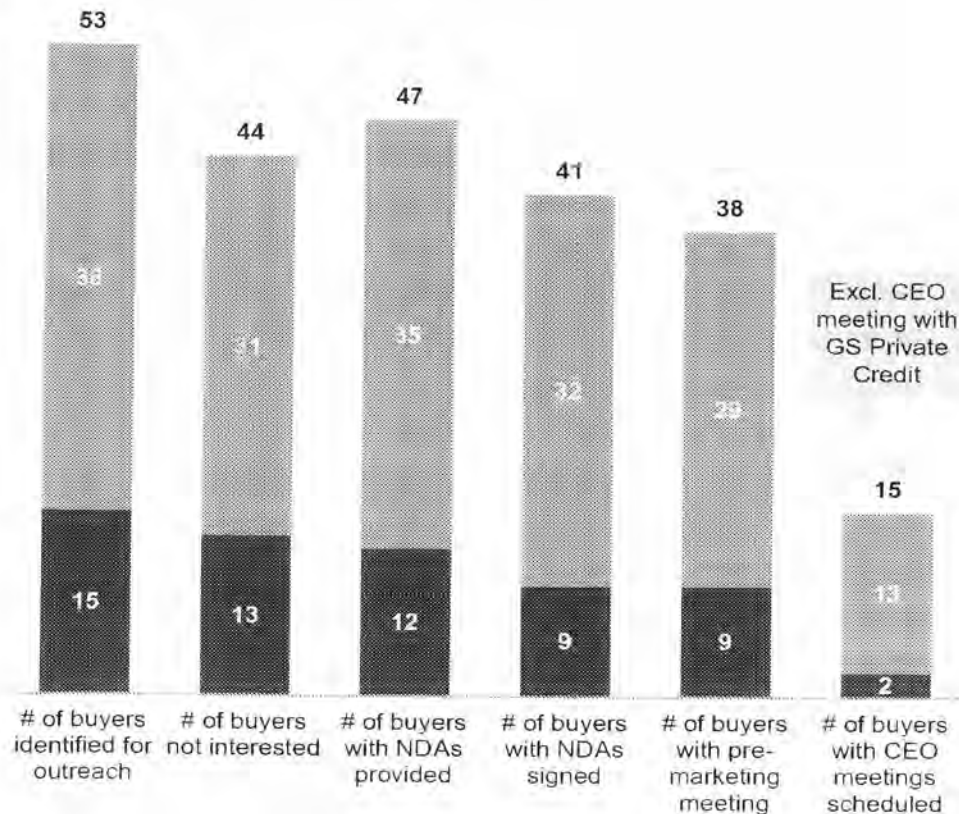
18 October 2019



Overview of Parties Involved in the Process

INVESTMENT BANKING
DIVISION

Total Parties Approached – 53



CIM Received – 22

Strategic Buyers	Financial Buyers	
— Amcor	— AEA *	— Mirae
— Berry	— Advent *	— Novalpina *
— Mondi	— Blackstone *	— Onex *
— ProAmpac	— Bridgepoint	— PAI Partners *
— RKW Group *	— Cinven *	— Partners Group *
— Sealed Air	— KPS *	— Platinum Equity *
— Sonoco *	— LGP *	— Warburg Pincus
	— Lone Star *	

Indicative Bids Submitted

ONEX



NOVALPINA

KPS
CAPITAL PARTNERS

Partners Group
Partners Group Private Equity

● Strategic Buyers ● Financial Buyers ★ Attended CEO Meeting

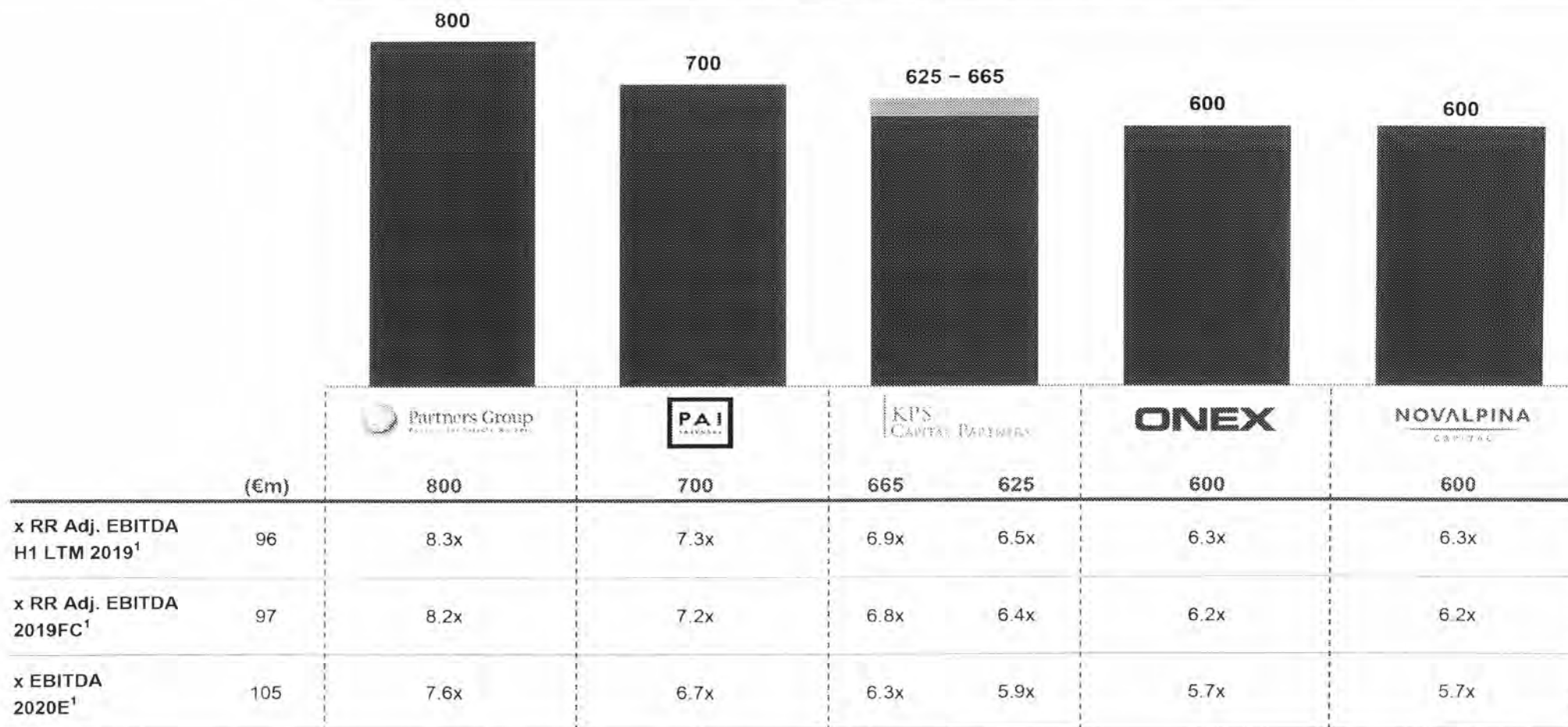
Note: Out of the process in red font. Italic font indicates assumed to be out as no bid has been received.



Overview of Indicative Bids Received

INVESTMENT BANKING
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Enterprise Value Offers (€m)



¹ According to management figures.



Summary Comparison of Indicative Bids

INVESTMENT BANKING
DIVISION

(Jun-19, €m)		Partners Group ¹	PAI	KPS ¹	ONEX	NOVALPINA
Enterprise Value (€m)		800	700	665	625	600
Cash & Cash Equivalents	37		37		37	37
Non-Current Financial Liabilities	(322)		(322)		(302) ³	(322)
Current Financial Liabilities	(16)		(16)		(16)	(16)
Net Financial Debt	(300)		(300)		(280)	(300)
Provisions and Payables - Synergies & Optimizations	(7)		(9) ²		(7)	(7)
Add. Cash Costs - Synergies & Business Optimizations	1	NA	NA	NA	1	1
Repayment Value Senior Facility Agreement (SFA)	(12)		(12)		(12)	(12)
Other Debt- / Cash-Like Items	(6)		(6)		(6)	(6)
Net Debt Atlas Flexibles GmbH	(28)		(28)		(28)	(28)
Buy-side Adjustments	-		NA		(26) ⁴	(26) ⁴
Total EV Adjustments	(351)		(354)		(357)	(378)
Equity Purchase			346		243	222

¹ No disclosure of EV-Equity Bridge. ² Sum of €7.2m 'Provisions and Payables – Synergies & Optimizations' and €1.3m 'Add. Cash Costs – Synergies & Business Optimizations' appears to be a sign error. ³ Excluding IFRS 16 lease adjustments. ⁴ Including non-recurring factoring.



Further Information on Indicative Bids Received

(1/2)

INVESTMENT BANKING
DIVISION

NOVALPINA

(CAPITAL)

ONEX



Strategic Considerations	<ul style="list-style-type: none"> ■ Closely working with management to create pan-European flexibles champion, further build on strong position ■ Incentive plan with senior management envisaged 	ONEX	<ul style="list-style-type: none"> ■ Operating Schur Flexibles on stand-alone basis backing current management team and their plan to grow the business ■ Incentive program to enable management and key employees to participate in value creation (TBD in Round II) 	PAI	<ul style="list-style-type: none"> ■ See value creation potential in i) specialty applications and increasing share with MNCs ii) consolidation of fragmented market iii) margin improvement opportunity through business optimization measures
Valuation Comments and Business Plan Assumptions	<ul style="list-style-type: none"> ■ Based on €86m reported EBITDA FY19FC ■ Assuming normalised WC level ■ Based on own financial projections ■ No changes in position or profitability until completion ■ Transaction related costs (incl. management exit bonus, excl. buy-side costs) borne by seller 	ONEX	<ul style="list-style-type: none"> ■ Based on €70m LTM EBITDA assumption ■ Based on indicative financing views and normal WC at closing ■ Based on own financial projections ■ LBO, DCF and multiples (transaction and trading) approach 	PAI	<ul style="list-style-type: none"> ■ Based on Adj. EBITDA of €90m in FY19FC ■ Projections reflect sufficient capex ■ Normalised WC and rolled-over factoring line ■ Key management stays and re-invests on mutually satisfactory terms (at least ~40-50% of after tax proceeds) as part of incentive program
Financing	<ul style="list-style-type: none"> ■ Equity: 100% funded by Novalpina ■ Debt: Refer to staple, but work w own banks 	ONEX	<ul style="list-style-type: none"> ■ Equity: 100% funded by Onex ■ Debt: Stretch senior term loan of c. €350m 	PAI	<ul style="list-style-type: none"> ■ Equity: 100% funded by PAI ■ Debt: No specific details mentioned
Advisors	<ul style="list-style-type: none"> ■ Financial / Tax: Deloitte ■ Commercial: Roelof Westerbeek ■ Legal: Weil, Gotshal & Manges ■ Environmental: ERM 	ONEX	<ul style="list-style-type: none"> ■ Financial / Tax: EY ■ Commercial: To be communicated ■ Legal: Latham & Watkins ■ Insurance: Aon ■ Environmental: ERM ■ Pension: Mercer 	PAI	<ul style="list-style-type: none"> ■ Financial / Tax: EY ■ Commercial: Bain ■ Legal: Allen & Overy
Approvals Required	<ul style="list-style-type: none"> ■ All approvals in place ■ Don't anticipate any antitrust clearances will be required 	ONEX	<ul style="list-style-type: none"> ■ IC aware and supportive of first round offer ■ Final approval required ■ Don't anticipate any regulatory or antitrust impediments 	PAI	<ul style="list-style-type: none"> ■ IC approved first round offer ■ Final approval required ■ Do not expect any competition issues
Due Diligence Requirements / Other Comments	<ul style="list-style-type: none"> ■ Require expert sessions and a site visit ■ Customary commercial, financial, tax, legal and technical DD prior to signing 	ONEX	<ul style="list-style-type: none"> ■ In a position to commence DD at an accelerated timeframe ■ DD requirements include i) Discussions with senior and operational management ii) expert sessions with VDD providers iii) site visits iv) VDR review v) BP session and RR adj. assessment iv) customary DD in various areas 	PAI	<ul style="list-style-type: none"> ■ Require expert sessions with selected members of Schur's management team ■ Site visits including Danapak, ABR, Poland, Benelux and Digiflex ■ Customary DD of commercial, financial, operational & IT, tax, legal and environmental ■ Estimate 4-5 weeks DD timeline



Further Information on Indicative Bids Received (2/2)

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Strategic Considerations	<ul style="list-style-type: none"> ■ Board-level strategic guidance and operational support with day-to-day operations and long-term value creation led by existing management team ■ Management incentive plan in addition to opportunity to roll-over equity holdings or to co-invest (same security and price at closing as bid) 	<ul style="list-style-type: none"> ■ Value creation through i) experience in the packaging industry, ii) supporting expansions into new markets, commercial initiatives and strategic acquisitions, iii) focusing on operational improvements ■ Cash bonus program and equity-based incentive program for senior management
Valuation Comments and Business Plan Assumptions	<ul style="list-style-type: none"> ■ Based on 2019FC Adj. as outlined in CIM and based on the assumption that they can substantiate it ■ Based on debt financing as outlined below ■ Assume that acquisition pipeline can be substantiated 	<ul style="list-style-type: none"> ■ Based on €83m financeable EBITDA ■ Assume 2020E-24E projections are achievable, EBITDA adjustments are valid, no additional capex is required and normalized NWC levels at closing
Financing	<ul style="list-style-type: none"> ■ Equity: 100% out of existing vehicles; rollover/co-investments by Management or LG optional ■ Debt: Expect external debt funding of €450m; in ongoing discussions with GS regarding staple and expect fully committed financing prior to execution of definitive documentation 	<ul style="list-style-type: none"> ■ Equity: 100% funded by KPS NewCo ■ Debt: No specific details mentioned
Advisors	<ul style="list-style-type: none"> ■ Financial / Tax: KPMG ■ Commercial: McKinsey ■ Legal: Kirkland & Ellis ■ Insurance: Aon ■ Site Visits: Internal Value Creation Team 	<ul style="list-style-type: none"> ■ To be communicated
Approvals Required	<ul style="list-style-type: none"> ■ First round IC approval ■ Final approval required 	<ul style="list-style-type: none"> ■ No third-party authorization or approval needed ■ Do not expect any antitrust issues
Due Diligence Requirements / Other Comments	<ul style="list-style-type: none"> ■ DD focus on business / industry (market and organic growth drivers, competitive landscape, operational setup, product-level profitability, end-markets, geographic regions, M&A opportunities) and financial (QoE, tax / structuring) ■ Estimate 3-4 week DD timeline 	<ul style="list-style-type: none"> ■ DD focus on financial (product mix, price, volume, cost breakdown, WC, capex, CF, LTM, revenue / EBIDA bridges, employee benefits) commercial (customer / supplier contracts), legal, IT and environmental ■ Site visits depending on availability ■ Estimate 30-45 days DD timeline post MP



Parties Decided Not to Pursue

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Berry	<ul style="list-style-type: none"> ■ Timing not ideal for them – would be interested 6-12 months from now ■ Passed on the back of leverage and difficult last quarter (stock dropped 15%)
Mondi	<ul style="list-style-type: none"> ■ Didn't feel comfortable with Business Plan, despite viewing Schur Flexibles as great business ■ In case parts will be sold, they would be interested in the Pharma business
RKW	<ul style="list-style-type: none"> ■ Do not see themselves in a position to submit a competitive bid ■ See current multiples as too high and believe they will come down in the future ■ CIM answered a lot of questions, but raised a view which are delegated to DD – decided not to pursue
Sealed Air	<ul style="list-style-type: none"> ■ Different customer base / supply chain vs. their business ■ Too European focused for them being a US business ■ Focusing on "Reinvent SEE" initiatives to take out cost in their business
Sonoco	<ul style="list-style-type: none"> ■ Like management and business, particularly short-run strategy and efficiency ■ Could be more aggressive if US based – keen to build platform (through M&A), but feel Europe will be tough for them ■ Had big debate regarding plastics internally and thus are cautious on price
Advent	<ul style="list-style-type: none"> ■ Already being exposed to the industry and busy with other assets / situations
Blackstone	<ul style="list-style-type: none"> ■ Find impressive what job management has been done and how the asset changed under LG ownership ■ Passed on the back of asset size – they see a lack of scale opportunity
Bridgepoint	<ul style="list-style-type: none"> ■ Declined to pursue opportunity given they are busy with other topics at the moment and hence focus in other areas
Cinven	<ul style="list-style-type: none"> ■ Do not believe in strong EBITDA increase ■ In advance stages in other deals
Leonard Green Partners	<ul style="list-style-type: none"> ■ See difficulties in being a Europe centric business right now ■ Raised some concerns around viability to accelerate growth
Lone Star	<ul style="list-style-type: none"> ■ Had difficulties assessing financials and rather see EBITDA at €73m 2019FC ■ Do not get comfortable with significant change in short period of time and identified execution risks given that the integration is not yet done ■ They might consider a bid in case they will receive further financial information (FVDD)
Mirae	<ul style="list-style-type: none"> ■ View projections with less competitive upsides than expected ■ Feel further operational improvements and capex is required
Platinum Equity	<ul style="list-style-type: none"> ■ Feel there is too much noise on financials and expect not to get the detail they usually need

Note: Amcor, ProAmpac, AEA and Warburg Pincus assumed to be out as no bid has been received.



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Round II Process Overview



Overview of Round II

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- **Indicative Bid Deadline: 17-Oct-2019, 18:00 CET**
- **Management Presentation**
 - Presentations to take place in the weeks of 28-Oct and 04-Nov (if required)
 - Exact timing and number of presentations depends on the number of parties in Round II
 - Location of presentations: Vienna
 - Full group rehearsal scheduled on 23-Oct (additional one-on-one sessions at request)
 - Presenters: M. Schernthaner, F. Humer, J. L. Martínez Arteaga and Dr. M. Fischkin
- **Expert Sessions**
 - Expert sessions starting to take place following the completion of all management presentations
 - Exact program depends on the number of parties Round II
 - Combination of meetings and calls
 - Bidders need to submit questions to GS 72 hours in advance
- **Logistics Coordination**
 - Contact person for meetings / calls from Schur Flexibles team: PMO
 - Due Diligence coordinators for bidders from GS: Niko Schindler and Christina Bosse-Janzing
- **VDR Management and Q&A Process**
 - Process set-up and responsibilities at Schur Flexibles laid out on last page



Overview of Round II

Timetable

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Exact Duration and Set-up Depending on Number / Type of Parties in Round II

Week 1 21-Oct – 25-Oct

- Data room opens on 21-Oct
- Bidders get access to all VDD reports and fact books on 21-Oct
- Business plan sessions

Week 2 28-Oct – 01-Nov

- Management presentations to start on 28-Oct
- Q&A process starts on 28-Oct
- SPA and NBI report provided to bidders in the second half of the week
- Business plan sessions (continued)

Week 3 04-Nov – 08-Nov

- Management presentations (continued)
- Expert sessions
- Selected site visits
- SPA clarification calls

Week 4 11-Nov – 15-Nov

- Expert sessions (continued)
- Selected site visits (continued)
- Management Dinners with Bidders (on request)

Week 5 18-Nov – 22-Nov

- Last submission of Q&A on 21-Nov
- Submission of SPA mark-ups by 21-Nov
- Management Dinners with Bidders (on request)

Week 6 25-Nov – 29-Nov

- All Q&A to be responded by 25-Nov
- Submission of final bids on [28]-Nov (exact bid deadline to be determined 1.5-2 weeks into Round II)
- Round II may last one week longer depending on the number and type of bidders

tb2



Proposed Program per Bidder

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Standard program to be offered to each bidder; additional sessions or site visits might be requested and should then be discussed on a case-by-case basis

Event	Timing	Length (in hours)	Attendants
Business Plan Session (Call)	Weeks 1 / 2	2.5	M. Scherthner, M. Fischkin , PMO
Management Presentation	Weeks 2 / 3	3-4	M. Scherthner, F. Humer, J. L. Martínez, Dr. M. Fischkin , PMO
Commercial Expert Session (Meeting)	Weeks 2 / 3	2.5	M. Scherthner, F. Humer, PwC , PMO
Operational Expert Session (Meeting)	Weeks 2 / 3	2.5	M. Scherthner, J. L. Martínez, PwC , PMO
Financial Expert Session (Meeting)	Weeks 2 / 3	2.5	M. Scherthner, M. Fischkin, C. Stöhrer, PwC , PMO
Tax Expert Session (Call)	Weeks 2 / 3	1.5	D. Schalko, EY , PMO
Legal Expert Session (Call)	Weeks 2 / 3	2	S. Konnertz, Freshfields , PMO
Environmental Expert Session (Call)	Weeks 2 / 3	1	J. L. Martínez, S. Zoister, Ramboll Environ , PMO
Site Visits	Weeks 3 / 4	TBD [length and # of sites]	Ideally 2-3 sites offered to each bidder as part of the standard program, but bidders may ask for add' visits

PMO to come
with feedback

Note: Attendants in bold will take the lead in the respective session.



Illustrative Due Diligence Timetable

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Illustrative

- *For detailed illustrative due diligence scheduling, please refer to Excel Backup*
- Bidders will indicate availability for two full days
 - Depending on availability of VDD providers and company, ideally scheduling of all expert sessions within indicated two days
 - In practice, likely that specific expert sessions will be shifted around (referring to timing within a day or between days)
- Legal and tax expert sessions will be set-up as calls and can be scheduled more flexibly (if required, independent from the indicated two days)
- Blocked calendar days of management and experts should ideally be kept until scheduling is finalized



Overview of Q&A Process

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General Q&A Process Considerations

- **Virtual data room will be used**
 - All written Q&A through the data room tool
 - Per bidder, limit of [150] questions in total and [50] questions per single week (to be defined depending on number of bidders in the second round)
- **Process**
 - GS to do first screening of questions and to allocate questions to PMO
 - PMO to allocate questions to representatives of Schur Flexibles
 - Each person responsible for a certain topic can delegate a question (also to external advisors for tax, legal, financial, environmental) but ultimately needs to sign-off
 - Answers to be signed-off by M. Schernthaner; Michael Fischkin to submit answers to bidders through VDR (any supporting materials should be uploaded to the VDR by PMO)
- **Detailed teach-in with exact process in week of 14-Oct**

Q&A Topic Responsibility

Topic	Coordinators
Commercial	■ F. Humer
Operational	■ J. L. Martinez
Financial	■ Dr. M. Fischkin
Tax	■ D. Schalko
Legal	■ S. Konnertz
Environmental	■ J. L. Martínez
HR	■ R. Kaufmann-Linke
IT	■ T. Langthaler



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Appendix: Key Due Diligence Requirements



Key Due Diligence Requirements – Novalpina

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NOVALPINA

- Schur Flexibles' organic growth plan including the assessment of the described organic growth, operational efficiencies and profit improvements
- Detailed review of the company's sustainability positioning and plans
- Access to customer contracts, detailed customer data and select customer interviews
- Review and discussion of bolt-on inorganic growth opportunities and pipeline
- Detailed volume and price developments by top customers
- The Company's ongoing capital expenditure and net working capital requirements
- Assessment of the company's asset base, in particular age and state of machinery
- IP owned, know-how inside the firm (e.g. protein barrier packaging)
- In-depth financial, tax and legal sessions together with our advisers
- Operational / manufacturing KPIs
- Environmental footprint including health and safety procedures in place



Key Due Diligence Requirements – Onex (1/2)

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ONEX

Strategy & Business Development

- Management set-up (including delegation of authority and accountability to site level)
 - Review of new group and organizational structure
- Overall status on group integration and further upside potential
- Current product and technology portfolio including R&D pipeline
 - Review & visit of PackScience Center in Kempten, Germany
 - Coordination amongst different tech-hubs / centres of excellence across the footprint
 - Specialty Solutions research and product development roadmaps
 - Status on sustainable product development strategy (barrier property, design changes, lamination technology, etc.)
- Growth and go-to-market strategy (incl. salesforce / KAM, pricing, customer roadmaps, etc.)
 - Discussion on growth and pricing strategy by segment and customer (incl. SoW)
 - Detailed overview of sales team, incl. details on sales reps (e.g. tenure, development of sales, (key) account management)
 - Salesforce effectiveness (CRM, salesforce incentive program, etc.)
 - Key customer contract terms (incl. spot price vs raw material pass through)
 - Review of (relative) customer satisfaction and retention rates across all customer segments
- Review of M&A and PMI strategy
 - Integration and synergy execution track-record of historical transactions
 - Detailed review of M&A pipeline and acquisition roadmaps



Key Due Diligence Requirements – Onex (2/2)

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ONEX

Financials

- Order book / backlog, order intake, lead times, tender win/loss ratios
- Historical and planned revenue (price/volume) development and gross profit by product offering, production site, end-product/-market, and customer (region, segment)
- Reported and adjusted EBIT(DA), capital expenditure, tax and net working capital
 - Assessment of usability of Tax Loss Carry Forward positions
- P&L effective, implemented and initiated synergy and cost-out savings ramp-up profile and execution versus plan
- Detailed cost base breakdown and FTE development by function, segment, and site level
- Q3 trading update (including P&L effectiveness of synergies)

Operations

- Manufacturing and operational setup (manufacturing footprint, extrusion capacity, cylinder engraving, conversion etc.)
 - Site level operational KPIs (e.g. OEE, change-over times, waste rates, plant utilisation, OTIF delivery, product quality and customer qualifications, etc.)
 - Review of 'Flying Doctors' and 'Pit Stop' concept for both (i) post-acquisition programs ('PMI') and (ii) continuous plant level improvement (incl. # of people, skill profiles, tenure at Schur etc.)
 - Review of technical and equipment capabilities including printing setup (roto, flexo and digital) as well as packaging robotisation opportunity
- Review of current and envisaged operational improvement initiatives within (i) procurement, (ii) footprint optimisation and (iii) additional synergies
 - Detailed breakdown of historical initiatives over past three years, including budgeted savings versus delivered and one-off costs
- Review of central and back-office infrastructure (including site level back office)
 - Finance & Controlling (including Financial Planning & Analyses, treasury)
 - HR & legal functions
 - IT and business process systems integration (e.g. order to pay)
 - Marketing including digital enhancement efforts
- Direct and indirect procurement and logistics strategy
 - Review of polymer sourcing strategy incl. 3rd party customer contracts and pipeline as well as long-term contracts with key suppliers
 - Review efforts on indirect procurement savings to date (project SynMax)



Key Due Diligence Requirements – KPS Capital Partners

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KPS
CAPITAL PARTNERS

Financial Projections	<ul style="list-style-type: none"> ■ Review revenue assumptions, including product mix, price and volume ■ Cost build-up by category, product type and location ■ Working capital ■ Capital expenditures ■ Expected cash flows for 2019B through 2024E
Customers and Suppliers	<ul style="list-style-type: none"> ■ Review all material customer and supplier contracts and conduct interviews with Schur's key customers and suppliers <ul style="list-style-type: none"> Interviews will be conducted by KPS and can be completed in 1 week just prior to executing Transaction Documents
Commercial Diligence	<ul style="list-style-type: none"> ■ Review of Schur's market and competitive positioning ■ Review commercial and operation VDD reports prepared by PwC
Site Visits	<ul style="list-style-type: none"> ■ Site visits will be conducted by KPS and can be completed over 2 to 3 weeks depending on site availability
Accounting and Tax Review	<ul style="list-style-type: none"> ■ Review the financial VDD reported prepared by PwC and tax factbook prepared by EY ■ Review (i) internal financial statements for 2016, 2017, 2018, and the most recent last-twelve-months (LTM) period, (ii) revenue and EBITDA bridges for the historical and forecast periods, and (iii) audited financials ■ Review monthly balance sheets and analyse working capital trends ■ Review Schur's accounting policies and procedures ■ Review transaction structure and any tax implications
Legal Diligence	<ul style="list-style-type: none"> ■ Review of all material contracts, purchasing and selling agreements, intellectual property matters, employee agreements, financing agreements, tax matters, litigation matters, and other legal documentation ■ Review legal fact book prepared by Freshfields
Information Technology Diligence	<ul style="list-style-type: none"> ■ Review all management information systems
Benefits Review	<ul style="list-style-type: none"> ■ Review Schur's healthcare costs and employee benefit plans
Insurance Review	<ul style="list-style-type: none"> ■ Review Schur's existing insurance plans and insurance needs ■ Review non-binding R&W report
Environmental	<ul style="list-style-type: none"> ■ Environmental review, including phase one audits if necessary ■ Review environmental report prepared by Ramboll



Key Due Diligence Requirements – PAI Partners

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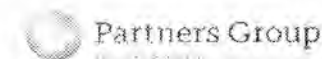


Commercial	<ul style="list-style-type: none"> ■ Validation of volume and price trends in core European food and hygiene & pharma flexible packaging end markets ■ Assessment of growth potential (sales and gross margin) and competitive positioning of Schur Flexibles within the specialties product segment ■ Analysis of tender behaviour & price setting (for SMEs and MNCs), raw material price trends and Schur Flexibles' ability to pass on increases ■ Assessment of Schur Flexibles' product portfolio meeting regulatory requirements around plastic packaging today and going forward ■ Actionability of Schur Flexibles' M&A pipeline with a focus on the three to four near-term targets
Financial	<ul style="list-style-type: none"> ■ Confirmation of LTM and FY2019 EBITDA incl. review of various adjustments (quality of earnings) ■ Assessment of LFL historical performance over 2016-2019B on sales (split by price/ volume), gross margin and EBITDA level on group and individual company/ plant level on the basis of reported and run-rate adjusted figures (incl. access to monthly ledgers) ■ Analysis of historical & projected capital expenditures over the business plan (including analysis of utilisation rates across the network of sites) as well as net working capital trends on a reported basis ■ Review of IFRS16 lease accounting ■ Confirmation of net debt items
Operational & IT	<ul style="list-style-type: none"> ■ Assessment of management's margin improvement plan, with a focus on procurement savings and the details of the planned pricing strategy ■ Review of the status of integration of the recently acquired add-ons (notably UNI Packaging and Scandiflex) within the broader Schur platform & organization ■ Detailed review of current industrial capabilities (incl. digital printing platform), utilisation rates and footprint optimization project ■ Review of current set-up of internal systems including financial and control systems as well as current state of IT/ ERP.



Key Due Diligence Requirements – Partners Group

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Business	<ul style="list-style-type: none"> ■ Focused strategic business diligence including: <ul style="list-style-type: none"> — Assessment of organic growth drivers — Operational setup, plant-level diligence, and KPIs — Detailed review of product-level profitability by application, customer, end market and geographic region — Validation of the inorganic growth opportunity via M&A initiatives
Financial	<ul style="list-style-type: none"> ■ Quality of earnings, tax and structuring
Commercial	<ul style="list-style-type: none"> ■ Completion of our commercial diligence / market work, with particular emphasis on market growth drivers and remaining whitespace, competitive landscape and regulatory trends
Other	<ul style="list-style-type: none"> ■ Site visits: Internal (IVC) ■ Insurance and benefits diligence: AON ■ IT Diligence: TBD ■ Legal Diligence: Kirkland & Ellis ■ Customary Background Checks: Gryphon Strategies

RE: Project Sky - Suggested Script Moody's

From: "van Wyk, Eduard" <eduard.vanwyk@gs.com>

To: "Wich, Matthias" <matthias.wich@gs.com>, "Dees, Michael" <dees@lindsaygoldbergllc.com>, Thomas Unger <unger@lindsaygoldbergvogel.com>, Paul Pruss <pruss@lindsaygoldbergvogel.com>, "Schernthaner, Michael" <michael.schernthaner@schurflexibles.com>, "Fischkin, Michael" <michael.fischkin@schurflexibles.com>

Cc: "Martin, Sarah-Marie" <sarah-marie.martin@gs.com>, "Koester, Tobias" <tobias.koester@gs.com>, "Convey, Colin" <colin.convey@gs.com>, "Droegge, Christopher" <christopher.droegge@gs.com>, "Schindler, Niko" <niko.schindler@gs.com>

Date: Thu, 07 Nov 2019 06:47:35 -0500

A further update

I spoke to Thomas and Michael this morning. We have provided Michael with a draft email (see email pasted below) to send to Moody's to point out that what it was going to write is factually inaccurate and offering a call to discuss it. We discussed the tone and contents with our ratings advisory team, who have signed off on it. Happy to discuss further in this group.

Ed

+++

Dear Donatella

Thank you for your note dated 6 November. We wanted to come back to you on what you propose to write in your report.

Your statement is that we are "vivid example of a wide use of EBITDA adjustments across a wide range of categories". You relate your assessment to LTM June 2018, with a reported EBITDA of €26m and a PF Adjusted EBITDA of €67m, with the significant gap raising doubts on future achievability.

We would point out that using LTM June 2018 financials for Schur Flexibles would result in communicating an out of date and, consequently, inaccurate picture of what we have delivered and reported in later reporting periods. As such, we believe that some of the wording in the current draft report would need to be changed to reflect a more up to date picture.

Our financial performance has moved on materially since June 2018. I would point out the following:

1. Our reported EBITDA has materially increased, with the run-rate adjustments of the past moving into our reported figures. Specifically:
 - a. Our LTM June 2019 reported EBITDA, adjusted only for accounting related positions, amounted to EUR65.5m
 - b. This figure does not include any normalizations and/or run rate adjustments and is in line with the run rate Adj. EBITDA of EUR67m you are referring to for LTM H1 2018. Accordingly, we have delivered on the run rate number within 1 year
 - c. In addition, our reported Q3 2019 YTD EBITDA was c. EUR70m, which is higher than your run rate Adj. EBITDA figure but only based on 9 months trading
2. We more than delivered on the synergies benefits from M&A transactions completed during 2018
 - d. Your calculation shows €11.5m of run-rate adjustments from cost savings. As per Q3 2019 YTD, EUR14.5m of the synergies were P&L effective, overdelivering on the forecast
 - e. An extrapolation of Q3 2019 YTD EBITDA would lead to EUR19m+ P&L effective synergies in 2019
3. M&A run-rate adjustments of EUR13.1m have almost fully phased out in LTM Q3 2019 EBITDA

I would be happy to discuss this with you in more detail. Feel free to give me a call on +43 676 841 205 201.

Kind regards

Michael Schernthaner

CEO

From: Wich, Matthias [IBD]

Sent: Thursday, November 07, 2019 03:47

To: 'Dees, Michael'; 'Thomas Unger'; Paul Pruss; Schernthaner, Michael; Fischkin, Michael

Cc: Martin, Sarah-Marie [IBD]; Koester, Tobias [IBD]; Convey, Colin [IBD]; Droegge, Christopher [IBD]; van Wyk, Eduard [IBD]; Schindler, Niko [IBD]

Subject: Project Sky - Suggested Script Moody's

Dear all,

kindly find in the following a suggestion for a script as a response towards Moody's. Please let us know any comments/questions.

If helpful to have a call to discuss, please let us know.

Kind regards,

Matthias


- Your statement is that we are "vivid example of a wide use of EBITDA adjustments across a wide range of categories"
- You relate your assessment to LTM June 2018, with a reported EBITDA of €26m and a PF Adjusted EBITDA of €67m, with the significant gap raising doubts on future achievability
- But this was a moment in time when a lot changed in our company: There was a lot of M&A in 2018 and many cost savings initiatives started
- Things have changed materially since – your statement definitely does not hold true when looking at our achievements since mid 2018:
 - (i) Reported EBITDA has materially gone up, with the RR adjustments of the past moving into reported: As per LTM H1 2019, reported EBITDA only adjusted for accounting related positions amounted to EUR65.5m (please note that this figure does not include any normalizations and/or run rate adjustments) and is quite in line with the RR Adj. EBITDA of EUR67m you are referring to for LTM H1 2018 – thus we fully delivered on the RR number within 1 year
 - And to give you one additional number: Reported Q3 2019 YTD was c. EUR70m, which is higher than your RR Adj. EBITDA figure but only based on 9 months trading
 - (ii) We more than delivered on the synergies. Your calculation shows €11.5m of RR adjustments from cost savings. As per Q3 2019 YTD €14.5m of the synergies were P&L effective, overdelivering on the forecast.
 - Extrapolation of Q3 leads to EUR19m+ P&L effective synergies in 2019
 - (iii) M&A run-rate adjustments of EUR13.1m have almost fully phased out in LTM Q3 2019 EBITDA

Goldman Sachs Bank Europe SE

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Matthias Wich

Investment Banking Division | 

DOI: 10.1007/s10687-019-00349-9

1. பொருள் : இவ்வாறு அமைந்திருக்கும் கட்டிடங்களைப் பொதுவாக கட்டிடக்கலை என்று அழைக்கிறார்கள். இவ்வாறு அமைந்திருக்கும் கட்டிடங்களைப் பொதுவாக கட்டிடக்கலை என்று அழைக்கிறார்கள். இவ்வாறு அமைந்திருக்கும் கட்டிடங்களைப் பொதுவாக கட்டிடக்கலை என்று அழைக்கிறார்கள்.

911

Re: Project Sky discussion materials

From: Thomas Unger <unger@lindsaygoldbergvogel.com>
 To: "Dees, Michael" <dees@lindsaygoldbergllc.com>
 Date: Wed, 18 Dec 2019 15:23:59 -0500

I can't reach Droege.
 It would take at least a month to fulfill that request
 and then we would use the opportunity to introduce
 the additional line we discussed today.

Von: Michael Dees <Dees@lindsaygoldbergllc.com>
 Datum: Mittwoch, 18. Dezember 2019 um 21:02
 An: Thomas Unger LGV <Unger@lindsaygoldbergvogel.com>
 Betreff: Re: Project Sky discussion materials
 What does Droege think that we should do?

I agree that the meeting with Michael S carries a lot of risk. He will not respond to this request well.

If we need to do year-end work on monthly numbers, then our proposed timetable does not work, or make any sense.

From: Thomas Unger <Unger@lindsaygoldbergvogel.com>
 Sent: Wednesday, December 18, 2019 2:59 PM
 To: Dees, Michael <Dees@lindsaygoldbergllc.com>
 Subject: Re: Project Sky discussion materials
 Ok.

Let's discuss tomorrow morning.
 I am not sure if we should have the meeting with Scherthner tomorrow in London.
 It is not good that M. Scherthner has to tell Partners that we can't deliver those numbers.
 The data request / due diligence focus is not deliverable and they know it.
 In between they cut the price by 5 Mn.
 The big risk is that they to manage us down to a number which is un acceptable.
 Then we pull the plug, but the number will be in the market.

Von: Michael Dees <Dees@lindsaygoldbergllc.com>
 Datum: Mittwoch, 18. Dezember 2019 um 20:49
 An: Thomas Unger LGV <Unger@lindsaygoldbergvogel.com>
 Betreff: Re: Project Sky discussion materials
 I land at ~4:00 pm / 10:00 pm CET, but I will be on a call as soon as I land until 5:00 pm / 11:00 pm CET. That is why I did not want to propose tonight.

From: Thomas Unger <Unger@lindsaygoldbergvogel.com>
 Sent: Wednesday, December 18, 2019 2:45 PM
 To: Dees, Michael <Dees@lindsaygoldbergllc.com>
 Subject: Re: Project Sky discussion materials
 When will you arrive in NY

Thomas Unger - von meinem iPhone gesendet

Am 18.12.2019 um 20:42 schrieb Dees, Michael <Dees@lindsaygoldbergllc.com>:

OK. Whatever works best for you, Thomas and Paul.

From: Thomas Unger <Unger@lindsaygoldbergvogel.com>
 Sent: Wednesday, December 18, 2019 2:36 PM
 To: Dees, Michael <Dees@lindsaygoldbergllc.com>
 Subject: Re: Project Sky discussion materials
 I am available from 9:00 onwards

Thomas Unger - von meinem iPhone gesendet

Am 18.12.2019 um 20:32 schrieb Dees, Michael <Dees@lindsaygoldbergllc.com>:

Can we discuss the situation and the response to Partners prior to a broader call with Michael S and GS? If the broader call will happen at 11:00 am CET / 5:00 am ET, can we speak at some time between 9:00-10:30 am CET?

From: Scherthner, Michael <Michael.Scherthner@schurflexibles.com>
 Sent: Wednesday, December 18, 2019 2:29 PM
 To: Droege, Christopher <christopher.droege@gs.com>; Thomas Unger <Unger@lindsaygoldbergvogel.com>; Paul Pruss <pruss@lindsaygoldbergvogel.com>

Cc: Dees, Michael <Dees@lindsaygoldbergllc.com>; Koester, Tobias <tobias.koester@gs.com>; Convey, Colin <Colin.Convey@gs.com>; gs-sky-core@ny.email.gs.com <gs-sky-core@gs.com>

Subject: Re: Project Sky discussion materials

To be more precise 80% of all their questions in the DD waves are asking for Oct, Nov datas on a level what you do normally at YE or maybe on HY if you are a listed stock company

- meaning we would have to produce ex-post on a YE granulate datas for Aug, Sep, Oct and Nov
- even if it would be technically possible (what I doubt) it will take months!! to produce this datas
- and at that time of course no one can work on YE numbers

Von: Droege, Christopher <christopher.droege@gs.com>

Gesendet: Mittwoch, Dezember 18, 2019 7:46 PM

An: Scherthaner, Michael; Thomas Unger; Paul Pruss

Cc: Michael Dees; Koester, Tobias; Convey, Colin; gs-sky-core@ny.email.gs.com

Betreff: FW: Project Sky discussion materials

A/,

please find attached the discussion topics just sent by Zürich. The timeline is not too different than ours, but takes a bit more time for DD. We should discuss tomorrow.

On the financial side, we should go through the list tomorrow and openly discuss what can and cannot be delivered. There are multiple asks for roll forwards for October and November which won't be possible. We have already told them about the constraints on Oct and Nov financials.

Michael S, we can discuss before the meeting and meet a bit earlier. Please let me know what works for you.

Best regards

Christopher

From: Luke Chapman <luke.chapman@partnersgroup.com>

Sent: 18 December 2019 18:34:37

To: Koester, Tobias [IBD]; Droege, Christopher [IBD]

Cc: Wich, Matthias [IBD]; Pascal Noth; Andrew Oliver; Charles Rees; Michael Sexton

Subject: Project Sky discussion materials

Tobias, Christopher,

Ahead of the meeting tomorrow with management, please find attached a set of discussion materials that we would like to walk through with the team.

Thanks in advance,

Regards

Luke

Luke Chapman

Private Equity

Partners Group

16th Floor, 110 Bishopsgate

London EC2N 4AY

United Kingdom

T +44 (0) 207 575 2599 | M: **Redacted – GDPR**

luke.chapman@partnersgroup.com

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AW: Urgent: Shareholder resolution appointment Deloitte

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From: "Ludwig, Thomas" <ludwig@lindsaygoldbergeurope.com>
 To: "Herlt, Oliver" <oliver.herlt@schurflexibles.com>, "Dees, Michael" <dees@lindsaygoldbergllc.com>, Tijn van Hooven <tijn.vanhooven@amsterdamconsultingbv.com>
 Cc: Paul Pruss <pruss@lindsaygoldbergeurope.com>, Vincent Rühl <v.ruehl@bcholding.at>, Thiemo Geleijnse <thiemo.geleijnse@amsterdamconsultingbv.com>, Breuer Mathias <mathias.breuer@schurflexibles.com>, Schultheis Josef <josef.schultheis@schurflexibles.com>
 Date: Thu, 02 Jun 2022 06:10:36 -0400
 Attachments: scan0014.pdf (359.07 kB)

Dear Oliver

Attached the signed resolution.

Kind regards

Thomas

Dr. Thomas Ludwig

Chairman

Lindsay Goldberg Europe GmbH | Neuer Stahlhof | Breite Straße 69 | 40213 Düsseldorf

Phone +49 (0) 211-86 20 150 | Fax +49 (0) 211-86 20 15-25

Mobil: [Redacted - GDPR]

ludwig@lindsaygoldbergeurope.com

Sitz Düsseldorf | Amtsgericht Düsseldorf HRB 50994

Geschäftsführer: Dr. Thomas Ludwig, Thomas Unger

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Von: Herlt, Oliver <Oliver.Herlt@schurflexibles.com>

Gesendet: Donnerstag, 2. Juni 2022 09:28

An: Dees, Michael <Dees@lindsaygoldbergllc.com>; Tijn van Hooven <tijn.vanhooven@amsterdamconsultingbv.com>; Ludwig, Thomas

<ludwig@lindsaygoldbergeurope.com>

Cc: Pruss, Paul <Pruss@lindsaygoldbergeurope.com>; "Vincent Rühl" <V.Ruehl@bcholding.at>; Thiemo Geleijnse <thiemo.geleijnse@amsterdamconsultingbv.com>

Breuer Mathias <Mathias.Breuer@schurflexibles.com>; Schultheis Josef <Josef.Schultheis@schurflexibles.com>

Betreff: Urgent: Shareholder resolution appointment Deloitte

Dear LG representatives,

Is there anything you need from our side to complete the auditors appointment?

Sorry for pushing but this is another urgent topic.

Kind regards

Oliver

Mit freundlichen Grüßen / Kind regards

Oliver Herlt



Oliver Herlt

General Counsel

T +49 075 811 205 229

M [Redacted - GDPR]

E Oliver.Herlt@schurflexibles.com

Schur Flexibles Holding GmbH

Alte-Bad-Strasse 1 / GbL, 5000

1000 Wiener Neudorf / Austria

www.schurflexibles.com

Geschäftsführung / Management board: Juan Luis Martínez Arteaga, Marek Pawlak, Mathias Breuer, Josef Schultheis

Sitz der Gesellschaft / Registered office: 2351 Wiener Neudorf, Austria

Registergericht / Court of registration: Landesgericht Wr. Neustadt, Company register no.: FN 366305i, VAT no.:

ATU66723959

This e-mail, including any attachment, may contain confidential and privileged information.

If you have received it by mistake, please notify us by reply email and then delete this e-mail and any attachment from your system. Thank you!

From: Herlt, Oliver <Oliver.Herlt@schurflexibles.com>

Sent: Mittwoch, 1. Juni 2022 21:41

To: Thomas Zimpfer <t.zimpfer@bcholding.at> <t.zimpfer@bcholding.at>; Markus Fürst <M.Fuerst@bcholding.at> <M.Fuerst@bcholding.at>; Dees, Michael

<Dees@lindsaygoldbergllc.com>; Tijn van Hooven <tijn.vanhooven@amsterdamconsultingbv.com>; Ludwig, Thomas <ludwig@lindsaygoldbergeurope.com>

Cc: Pruss, Paul <Pruss@lindsaygoldbergeurope.com>; "Vincent Rühl" <V.Ruehl@bcholding.at>; Thiemo Geleijnse <thiemo.geleijnse@amsterdamconsultingbv.com>

Breuer Mathias <Mathias.Breuer@schulflexibles.com>; Schultheis Josef <Josef.Schultheis@schulflexibles.com>

Subject: Shareholder resolution appointment Deloitte

Dear Shareholder representatives,

may we kindly ask for your approval of appointment of auditor Deloitte for Atlas Flexibles GmbH, as per attached resolution.

We would greatly appreciate return of the signed resolution by tomorrow morning.

Many thanks and best regards

Oliver

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SHAREHOLDER RESOLUTION OF ATLAS FLEXIBLES GMBH

B&C KB Holding GmbH an Austrian limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of the Republic of Austria with registered office in Vienna, Austria, and registered with the company register (*Firmenbuch*) at the commercial court (*Handelsgericht*) of Vienna under registration number FN 470503

and

Atlas Flexibles Coöperatief U.A. with registered seat in 1077XX Amsterdam registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under KvK-Number 66488338

and

Lindsay Goldberg Europe GmbH with registered seat in Düsseldorf, registered with the commercial register of the local court of Düsseldorf under HRB 30994

as the sole shareholders of Atlas Flexibles GmbH with registered seat in Düsseldorf registered with the commercial register of the local court of Düsseldorf under HRB 77173 ("Company"), hereby unanimously and unconditionally waives the adherence for all requirements as to form and time of a shareholder meeting or a shareholder resolution of the Company and resolves as follow by way of a circular resolution:

1. APPOINTMENT OF DELOITTE

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Rosenheimer Platz 4, 81665 München, Germany is appointed as the auditor for the Company in regards to auditing the accounts of the financial year 2021 (*Prüfung Einzelabschluss 2021*)

No further resolutions have been adopted

SIGNATURE PAGE TO SHAREHOLDERS' RESOLUTION OF ATLAS FLEXIBLES GMBH

For and on behalf of B&C KB Holding GmbH:

Date _____

Datum/Date:

Name: Thomas Zimpfer
Position: Managing Director

Name: Markus Furs
Position: Managing Director

For and on behalf of Atlas Flexibles Coöperatief U.A.,

Calvin Date

~~Column/Date~~

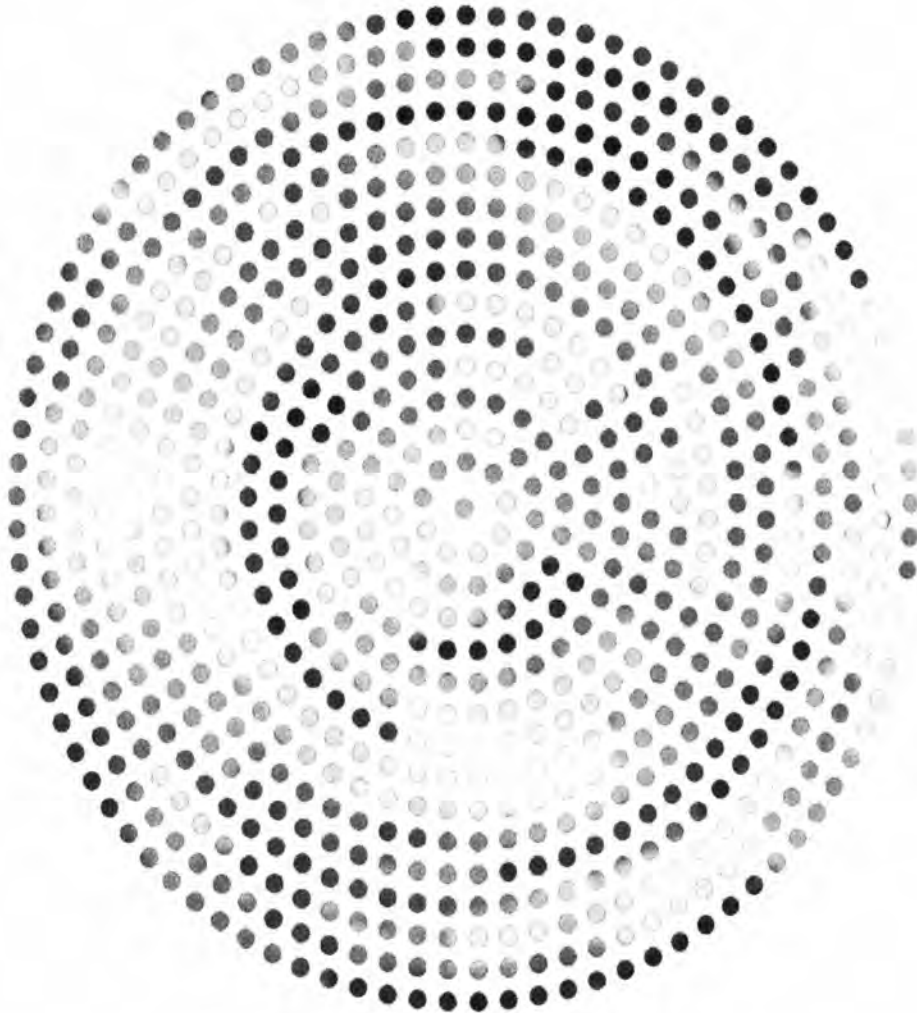
Name: Michael Deery
Position: Director A

~~James Earl Ray~~
Position: Director B

For and on behalf of Lindsay Goldberg Europe GmbH:

Waiting Date

Name: Dr. Thomas Ludwig
Position: Geschäftsführer/Director



REPORT

Audit of the consolidated financial
statement as of December 31, 2021

Schur Flexibles Holding GesmbH
Vienna Neudorf



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Appendices

Consolidated financial statement as of December 31, 2021

Consolidated management report for the 2021 fiscal year

General Terms and Conditions of Engagement for Public Accountants



To the management of
Schur Flexibles Holding GesmbH
Vienna Neudorf

We have audited the consolidated financial statement as of December 31, 2021, of

Schur Flexibles Holding GesmbH, Vienna Neudorf,
(hereinafter also referred to as "Company")

and submit the following report on the result of this audit:

1. Audit contract and execution of the order

By shareholder resolution dated March 30, 2022 of Schur Flexibles Holding GesmbH, Vienna Neudorf, we were elected as the auditor of the consolidated financial statement for the fiscal year ending December 31, 2021. The company, represented by the management, concluded an audit agreement with us on May 9, 2022, to audit the consolidated financial statement as of December 31, 2021, and the consolidated management report in accordance with § 269 et seqq. of the Austrian Companies Code [*Unternehmensgesetzbuch, UGB*].

The audit in question was a legally prescribed audit of the financial statements in which the provisions of § 271a para. 1 through 4 of the UGB (five-fold large corporation) are to be applied.

This audit extended to whether the statutory provisions were observed in the preparation of the consolidated financial statement. The consolidated management report was audited to determine whether it is in line with the consolidated financial statement and whether it was prepared in accordance with the applicable legal requirements.

The audit of the consolidated financial statement for the previous fiscal year was carried out by another auditor.

In our audit, we observed the legal provisions and professional principles applicable in Austria for the proper conduct of annual audits. These principles require the application of the international standards on auditing (International Standards on Auditing). We would like to point out that the audit should allow a judgment with sufficient certainty as to whether the consolidated financial statement is free of material misstatements. Absolute certainty



cannot be achieved because the possibility of errors is inherent in every accounting and internal control system and, due to the sample-based audit, there is an unavoidable risk that material misstatements in the consolidated financial statement will remain undetected. The audit did not extend to areas that usually form the subject matter of special audits.

As part of the audit, the annual financial statements summarized in the consolidated financial statement were audited to determine whether they comply with the principles of proper accounting and whether the relevant provisions for the adoption in the consolidated financial statement have been observed.

Some of the companies included in the consolidated financial statement were audited by other auditors. We have monitored their activities in a suitable manner.

We conducted the audit with interruptions in the period from May to September 2022 primarily on our premises using electronic forms of communication. The audit was materially completed on the date of this report.

For the proper execution of the order, Mag. Nikolaus Schaffer, Auditor.

The basis for our audit is the audit agreement concluded with the company. The "General Terms and Conditions of Engagement for Public Accountants" (according to the Appendix) issued by the Chamber of Tax Advisors and Auditors form an integral part of this Audit Agreement. These terms and conditions of engagement apply not only between the company and the auditor, but also to third parties. § 275 of the UGB applies with regard to our responsibility and liability as auditors vis-à-vis the company and vis-à-vis third parties.



2. Summary of the audit result

2.1. Findings on the legality of the consolidated financial statement and consolidated management report

In the audit of the consolidation and the included annual financial statement, we determined compliance with the statutory provisions and the principles of proper accounting. The financial statements included in the consolidated financial statement essentially take into account the uniform accounting and valuation guidelines specified by the parent company for the consolidated financial statement and represent a suitable basis for inclusion in the consolidated financial statement. The relevant provisions for the adoption in the consolidated financial statement were observed. As part of our risk- and control-oriented audit approach, we included internal controls in sub-areas of the accounting process in the audit, as far as we deemed necessary for our audit statement.

With regard to the legality of the consolidated financial statement and the consolidated management report, we refer to our comments in the audit opinion.

2.2. Information provided

The legal representatives have provided the explanations and evidence requested by us and have signed a declaration of completeness.

We received access to the relevant information of the audited group within the meaning of § 275 para. 1 last sentence of the UGB from the auditor of the consolidated financial statement for the previous fiscal year. We did not receive any additional information (in particular regarding the error corrections described in Section 6 of the Notes to the consolidated financial statement).



2.3. Adverse changes in the asset, financial and earnings situation and significant losses

Due to the following circumstances, there were adverse changes in the asset, financial and earnings situation and significant losses:

- Irregularities and errors in the financial information and irregularities in governance with regard to bonus payments, private expenses settled via the company and miscellaneous assets presumably attributable to the company
- Negative effects from acquisitions and limited organic growth.
- High leverage after the refinancing round 2021 does not correspond to profitability.
- The Group's increase in sales in recent years resulted from acquisitions, which tied significant management capacity to the integration and restructuring of the acquisitions.
- Increased raw material prices were only partially passed on to customers.

These circumstances led on the one hand to significant losses and a book over-indebtedness as of December 31, 2021, and on the other hand to adjustments (error corrections) of the comparative figures of the previous year. These can be summarized as follows:

Amounts in thousand euro (TEUR)	2020 (as reported)	Adjustment	2020 (adjusted)	2021	Change
Equity capital	135,151	-134,694	457	-92,608	-93,065
Balance sheet total	596,792	-111,427	485,366	741,152	+255,786
Sales revenue	490,484	-1,564	488,920	651,603	+162,683
Operating result	18,920	-29,045	-10,125	-45,323	-35,198
Consolidated net loss	-4,843	-27,288	-32,132	-68,911	-36,779
Consolidated comprehensive income	-6,322	-26,825	-33,148	-68,880	-35,732
Cash flow from ongoing business activities	95,029	-76,413	18,616	29,735	+11,119
Cash flow from investment activities	-40,357	+13,886	-26,470	-170,836	-144,366
Cash flow from financing activities	-16,356	+32,782	16,425	141,606	+125,181

For further explanations, we refer in particular to Sections 5 and 6 of the Notes to the consolidated financial statement and to the consolidated management report.



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2.4. Statement on facts according to § 273 para. 2 of the UGB (exercising the speaking obligation)

When performing our tasks as an auditor of the consolidated financial statement, we found the following reportable facts:

- facts that could jeopardize the existence of the audited group (§ 273 para. 2 of the UGB);
- facts that indicate serious violations of the law by the legal representatives (§ 273 para. 2 of the UGB);
- significant weaknesses in the internal control of the accounting process (§ 273 para. 2 of the UGB).

We reported this to the management in a separate letter dated May 11, 2022.

In the same letter, we also informed the management of the provisions of the Austrian Company Reorganization Act [*Unternehmensreorganisationsgesetz, URG*] and the provisions of § 36 para. 2 of the Austrian Act on Limited Liability Companies [*Gesetz über Gesellschaften mit beschränkter Haftung, GmbHG*], according to which a general meeting must be convened immediately if half of the share capital is lost.



3. Audit opinion

Report on the consolidated financial statement

Limited audit opinion

We have audited the consolidated financial statement of Schur Flexibles Holding GesmbH, Wiener Neudorf, and its subsidiaries (the Group), consisting of the consolidated balance sheet as of December 31, 2021, the consolidated comprehensive income statement, the consolidated cash flow statement and the consolidated equity statement for the fiscal year ending on this reporting date, as well as the Notes to the consolidated financial statement.

In our opinion, the attached consolidated financial statement, with the exception of the possible effects of the facts described in the section "Basis for the qualified audit opinion", complies with the statutory provisions and conveys a true picture of the asset and financial situation as of December 31, 2021, as well as the Group's earnings situation and cash flows for the fiscal year ending on this reporting date in accordance with the International Financial Reporting Standards, as they are to be applied in the EU (IFRS) and the additional requirements of § 245a of the UGB.

Basis for the limited audit opinion

We refer to Section 9.4.3 in the Notes to the consolidated financial statement and Section 4.1.1 in the consolidated management report, where the legal representatives describe that there is knowledge that managing directors were offered the acquisition of shares in the company in previous years from shareholders at the time.

No contracts or other agreements could be submitted to us for this purpose. According to the information provided, no payments were made by the Company from this title.

Based on documents that were not available, the management was unable to conduct a qualified audit of the facts with regard to accounting regulations in this regard, which is why the accounting was not carried out.

With regard to this situation, there was therefore an audit obstacle, since we were not able to obtain sufficient suitable audit evidence to imply that the consolidated financial statement in this area is free of material misstatements.

We have conducted our audit in accordance with the Austrian principles of proper audit. These principles require the application of the International Standards on Auditing (ISA). Our responsibilities according to these provisions and standards are further described in the section "Responsibilities of the auditor for the audit of the consolidated financial statement" of our audit certificate. We are independent of the Group in accordance with the Austrian corporate and professional law regulations and we have fulfilled our other professional obligations in accordance with these requirements. We are of the opinion that the audit evidence we have obtained up to the date of the audit certificate is sufficient and suitable to serve as a basis for our limited audit opinion on this date.



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Significant uncertainties with regard to the continuation of the company

We refer to the information in Section 5 in the Notes to the consolidated financial statement and Section 3 in the consolidated management report, in which the legal representatives state that the company and its subsidiaries as part of the Schur Flexibles Group had financial difficulties at the beginning of 2022. The contracts already concluded for the restructuring of Schur Flexibles Group have not yet become legally effective at the time of preparing the consolidated financial statement, as the fulfillment of several suspensive conditions is pending. These events and circumstances indicate that there are significant uncertainties that can cast significant doubt on the Group's ability to continue its business activities. Our audit opinion is not modified in this regard.

Reference to other facts - previous year's consolidated financial statement

The consolidated financial statement as of December 31, 2020 was audited by another auditor who issued an unqualified audit opinion on this consolidated financial statement on April 30, 2021.

Responsibilities of the legal representatives for the consolidated financial statement

The legal representatives are responsible for preparing the consolidated financial statement and for ensuring that they provide a true picture of the asset, financial and earnings situation of the Group in accordance with the IFRS, as they are to be applied in the EU and the additional requirements of § 245a of the UGB. In addition, the legal representatives are responsible for the internal controls they consider necessary to enable the preparation of consolidated financial statement that are free of material misstatements due to fraudulent acts or errors.

When preparing the consolidated financial statement, the legal representatives are responsible for assess the Group's ability to continue its business activities, state facts in connection with the continuation of the business activity - if relevant, as well as apply the accounting principle of continuation of business activity, unless the legal representatives intend, either liquidating the Group or discontinuing business activities, or have no realistic alternative to it.



Responsibilities of the auditor for the audit of the consolidated financial statement

Our objectives are to obtain sufficient certainty as to whether the consolidated financial statement as a whole is free of material misstatements due to fraudulent acts or errors, and to issue an audit certificate that includes our audit opinion. Sufficient security is a high degree of security, but no guarantee that an audit conducted in accordance with the Austrian principles of proper audits that require the application of the ISA will always reveal a material misstatement, if one exists. Misstatements may result from fraudulent acts or errors and are considered material if they could be reasonably expected to influence the economic decisions of users made on the basis of this consolidated financial statement, individually or in total.

As part of a financial statement audit in accordance with the Austrian principles of proper financial statement audits that require the application of the ISA, we exercise due discretion throughout the audit and maintain a critical attitude.

In addition, the following applies:

- We identify and assess the risks of material misstatements due to fraudulent actions or errors in the financial statement, plan audit procedures in response to these risks, carry them out and obtain audit evidence that is sufficient and suitable to serve as the basis for our audit opinion. The risk that material misstatements resulting from fraudulent actions are not discovered is higher than a risk resulting from errors, since fraudulent actions may include collusive interaction, counterfeits, intentional incompleteness, misleading statements or the overriding of internal controls.
- We gain an understanding of the internal control system relevant to the audit of the financial statement in order to plan audit procedures that are appropriate under the given circumstances, but not with the goal of submitting an audit opinion on the effectiveness of the Group's internal control system.
- We assess the appropriateness of the accounting methods used by the legal representatives and the reasonableness of the estimated values presented by the legal representatives in the accounting and related disclosures.



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- We draw conclusions about the appropriateness of the application of the accounting principle of the continuation of the business activity by the legal representatives as well as, on the basis of the audit evidence obtained, whether there is a material uncertainty in connection with events or circumstances that can cast significant doubt on the ability of the Group to continue the business activity. If we draw the conclusion that there is a material uncertainty, we are obliged to draw attention to the related disclosures in the consolidated financial statement in our audit certificate or, if these disclosures are inappropriate, to modify our audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit certificate. However, future events or circumstances may result in the Group ceasing to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statement, including the disclosures, and whether the consolidated financial statement represents the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient suitable audit evidence of the financial information of the units or business activities within the Group in order to issue an audit opinion on the consolidated financial statement. We are responsible for the management, monitoring and implementation of the consolidated financial statement audit. We bear sole responsibility for our audit opinion.

Report on the Consolidated Management Report

The consolidated management report must be audited on the basis of the provisions of Austrian corporate law to determine whether it is in accordance with the consolidated financial statement and whether it was prepared in accordance with the applicable legal requirements.

The legal representatives of the Company are responsible for preparing the consolidated management report in accordance with the Austrian corporate law regulations.

We conducted our audit in accordance with the professional principles for auditing the consolidated management report.

Opinion

In our opinion, the attached consolidated management report has been prepared in accordance with the applicable legal requirements and is consistent with the consolidated financial statement.



Explanation

In view of the knowledge gained during the audit of the consolidated financial statement and the understanding gained about the Group and its environment, no materially erroneous information was found in the consolidated management report.

Vienna

September 23, 2022

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. (Magister [Austrian-equivalent to master's degree]) Nikolaus Schaffer
Auditor

Signed by qualified electronic signature:		DocuSigned by: Nikolaus Schaffer <small>9686385D5A2F41C...</small>
Date:	09/23/2022	
The qualified electronic signature can be reviewed at www.signaturpruefung.gv.at		

The consolidated financial statement may only be published or forwarded with our audit certificate in the version confirmed by us. This audit certificate refers exclusively to the German-language and complete consolidated financial statement including the consolidated management report. For deviating versions, the provisions of § 281 para. 2 of the UGB must be observed.

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Consolidated financial statement

Consolidated balance sheet 2021

Schur Flexibles Holding GesmbH, Vienna Neudorf

Assets in TEUR	Appendix	12/31/2021	12/31/2020 adjusted	01/01/2020 adjusted
Intangible assets	7.1	139,771	68,827	71,116
Property, plant and equipment	7.1	182,602	153,675	167,893
Assets under construction	7.1	6,482	4,733	3,224
Financial assets		57	47	47
Deferred tax assets	8.10	2,295	1,899	2,833
Shareholder loans granted	7.2	41,665	16,165	10,165
Miscellaneous long-term assets		47	0	0
Long-term assets		372,918	245,345	255,278
Inventories	7.3	96,538	65,241	68,215
Trade accounts receivable	7.4	66,657	36,370	41,234
Income tax receivables		1,713	660	2,129
Shareholder loans granted	7.2	139,061	91,474	62,319
Miscellaneous assets	7.5	44,684	27,073	42,679
Cash and cash equivalents	7.6	19,582	19,202	10,401
Short-term assets		368,234	240,020	226,977
Balance sheet total assets		741,152	485,366	482,255
Liabilities in TEUR				
Share capital	7.7	35	35	35
Capital reserves	7.7	76,909	65,060	61,934
Revenue reserve	7.7	-168,817	-74,964	-40,184
Miscellaneous reserves	7.7	-866	-898	119
<i>Equity capital attributable to the shareholders of the parent company</i>	7.7	-92,740	-10,767	21,903
Non-controlling shares	7.7	131	11,224	9,992
Equity capital	7.7	-92,608	457	31,894
<i>Shareholder loans</i>	7.8	0	165,220	154,650
<i>Investment grants</i>	7.15	306	309	342
Financial liabilities	7.9	56,746	56,674	56,061
Miscellaneous long-term accounts payable	7.13	19,053	5,071	3,510
Provisions	7.14	3,516	2,329	2,263
Deferred tax liabilities	8.10	15,414	3,764	7,849
<i>Long-term provisions and accounts payable</i>		94,729	67,839	69,683
Long-term debts		95,035	233,367	224,676
<i>Shareholder loans</i>	7.8	414,736	66,498	38,889
<i>Investment grants</i>	7.15	158	176	
Trade accounts payable	7.10	108,960	77,914	97,455
Accounts payable from supply financing	7.12	84,662	8,758	2,701
Financial liabilities	7.9	40,909	18,136	22,578
Contract liabilities	7.11	16,561	14,599	15,308
Miscellaneous accounts payable	7.13	54,606	58,326	42,383
Income tax payables		2,960	2,451	1,559
Provisions	7.14	15,172	4,683	4,811
<i>Short-term provisions and accounts payable</i>		323,831	184,868	186,795
Short-term debts		738,725	251,542	225,685
Debts		833,760	484,909	450,360
Balance sheet total liabilities		741,152	485,366	482,255

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Consolidated comprehensive income statement 2021

Schur Flexibles Holding GesmbH, Vienna Neudorf

In thousand euros (TEUR)	Appendix	2021	2020 adjusted
Sales revenue	8.1	651,603	488,920
Production costs of the services rendered to achieve the sales revenues	8.2	-556,582	-400,051
Gross profit from sales		95,021	88,869
Miscellaneous operating income	8.3	9,216	8,464
Distribution costs	8.4	-38,670	-35,126
Administrative costs	8.5	-93,753	-65,701
Miscellaneous operating expenses	8.6	-17,137	-6,630
Operating result		-45,323	-10,125
Interest income	8.9	3,182	1,175
Interest expenses	8.9	-25,360	-15,129
Miscellaneous financial result	8.9	2,198	-6,310
Earnings before taxes		-65,302	-30,388
Income tax expense	8.10	-3,609	-1,743
Consolidated net loss		-68,911	-32,132
Thereof, the following are attributable to:			
Shareholders of the parent company		-69,598	-33,823
Non-controlling shares		688	1,692
Consolidated net loss		-68,911	-32,132
<i>Items that may be reclassified to profit or loss</i>			
Income and expenses from foreign currency translation recognized directly in equity		-80	-1,018
Valuation effects recognized directly in equity		122	1
Deferred taxes attributable to this		-11	1
Miscellaneous income		31	-1,016
Consolidated comprehensive income		-68,880	-33,148
Thereof, the following are attributable to			
Shareholders of the parent company		-69,567	-34,840
Non-controlling shares		688	1,692
Consolidated comprehensive income		-68,880	-33,148

Consolidated cash flow statement as of December 31, 2021

Schur Flexibles Holding GesmbH, Vienna Neudorf

In thousand euros (TEUR)	Appendix	2021	2020 adjusted
Earnings before income taxes		-65,302	-30,388
Correction items interest income		22,178	13,954
Depreciation on intangible assets and tangible assets	7.1	46,109	37,130
Profit(-) / loss(+) from the disposal of fixed assets		-442	-216
Miscellaneous non-cash expenses and income		-6,397	3,257
Change in accounts receivable and Miscellaneous assets	7.4	-884	4,287
Change in inventories	7.3	-16,172	2,427
Change in accounts payable	7.10	17,424	-19,622
Change in the supply financing	7.12	75,903	6,057
Change in Miscellaneous net current assets		-17,963	17,246
Cash flow from ongoing business activities before interest and taxes		54,453	34,132
Interest payments received		3,167	1,175
Interest paid	8.9	-24,383	-14,104
Taxes paid on income and earnings		-3,502	-2,587
Cash flow from ongoing business activities	9.7	29,735	18,616
Deposits from the sale of financial assets		261	9
Deposits from the sale of tangible assets		216	3,941
Deposits from the sale of intangible assets		0	104
Payments for the acquisition of tangible assets	7.1	-32,458	-19,380
Payments for the acquisition of intangible assets	7.1	-3,085	-3,579
Payment of shareholder loans	7.2	-30,500	-7,500
Shareholder loans granted inflows	7.2	0	1,500
Payments for the acquisition of financial assets		-40	-9
Payments for the acquisition of shares in consolidated subsidiaries less cash taken over	4	-105,230	-1,556
Cash flow from investment activities	9.7	-170,836	-26,470
Deposit from profit transfer	9.4.1	3,081	19,439
Payout from profit transfer	9.4.1	-4,320	-2,304
Taking out shareholder loans and cash pool	7.8	265,327	52,561
Repayment of shareholder loans and cash pool	7.8	-108,406	-46,055
Taking out overdraft facilities	7.9	2,710	0
Repayment of overdraft facilities	7.9	0	-147
Taking out financial liabilities	7.9	5,923	11,024
Repayment of financial liabilities	7.9	-22,709	-18,093
Cash flow from financing activities	9.7	141,606	16,425
Change in cash and cash equivalents		505	8,571
Exchange rate fluctuations		-125	231
Cash funds at the beginning of the fiscal year		19,202	10,401
Cash funds at the end of the fiscal year	7.6	19,582	19,202

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Consolidated equity capital as of December 31, 2021

Schur Flexibles Holding GesmbH, Vienna Neudorf

In thousand euros (TEUR)	Appendix	Equity capital	Share capital	Capital reserves	Revenue reserves	Miscellaneous reserves	Equity capital attributable to the shareholders of the parent company	Non-controlling shares
As of January 1, 2020 as previously reported		139,665	35	61,934	67,622	214	129,804	9,861
Changes due to error corrections		-107,771	0	0	-107,806	-95	-107,901	131
01/01/2020 adjusted		31,894	35	61,934	-40,184	119	21,903	9,992
Capital increases	7.7	3,150	0	3,126	0	0	3,126	24
Increase in capital from profit transfer	9.4.1	3,081	0	0	3,081	0	3,081	0
Capital reduction from profit transfer	9.4.1	-4,320	0	0	-4,320	0	-4,320	0
Transactions with shareholders		-200	0	0	283	0	283	-483
Consolidated comprehensive income		-33,148	0	0	-33,823	-1,016	-34,840	1,692
12/31/2020 adjusted		457	35	65,060	-74,964	-898	-10,767	11,224
Capital increases	7.6	11,950	0	11,849	0	0	11,849	101
Increase in capital from profit transfer	9.4.1	10,672	0	0	10,672	0	10,672	0
Capital reduction from profit transfer	9.4.1	-7,532	0	0	-7,532	0	-7,532	0
Transactions with shareholders	4	-39,276	0	0	-27,395	0	-27,395	-11,881
Consolidated comprehensive income		-68,880	0	0	-69,598	31	-69,567	688
12/31/2021		-92,608	35	76,909	-168,817	-866	-92,740	131

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Notes to the consolidated financial statement as of December 31, 2021

Schur Flexibles Holding GesmbH, Vienna Neudorf

1 Group Information

The parent company of the Group is Schur Flexibles Holding GesmbH, registered and domiciled in Wiener Neudorf, Austria (IZ NÖ Süd - Straße 1 - Property 50 - Building C, 2351 Vienna Neudorf).

Schur Flexibles GmbH, Berlin, is a wholly-owned subsidiary of Atlas Flexibles GmbH, is the direct parent company of the reporting company. B&C Holding Österreich GmbH is the majority of shareholders who prepare and disclose a consolidated financial statement in which Schur Flexibles Group is included. The highest parent company of B&C Holding Österreich GmbH, and thus the company, is B&C Private Foundation with its registered office in Vienna.

The fiscal year is the calendar year. The management has prepared the consolidated financial statement of Schur Flexibles Holding GesmbH (hereinafter also referred to as "Schur Flexibles Holding Group", or the "Group") as of December 31, 2021, and the consolidated management report for the 2021 fiscal year as of September 23, 2022.

Schur Flexibles Holding Group is a leading European manufacturer of high-quality flexible packaging materials for the European consumer goods industry, in particular for food and beverages as well as hygiene applications and pharmaceuticals. Despite the European focus, the products are also partially distributed worldwide. The value chain is completely covered by the group from mono- and co-extrusion of films, to the lamination and printing of films in the deep and flex printing process, to packaging (e.g. bag production or roller cutting).

Schur Flexibles Holding GesmbH, Vienna Neudorf

2 Accounting methods

2.1 Basics of preparing the financial statement

The consolidated financial statement of the Schur Flexibles Holding Group as of December 31, 2021, was prepared in accordance with all International Financial Reporting Standards (IFRS) formulated by the International Accounting Standards Board (IASB) and adopted by the European Union and mandatory for 2021. Likewise, all interpretations of the International Financial Reporting Interpretations Committee (IFRIC) to be applied for 2021 were observed. The consolidated financial statement meets the requirements of § 245a of the UGB on exempting consolidated financial statements according to internationally recognized accounting principles.

The consolidated financial statement of the Schur Flexibles Holding Group is prepared on the basis of the acquisition cost principle, with the exception of the interest rate hedging transactions, the trade accounts receivable subject to a factoring agreement, and the assets held for sale and valued at the lower of book value and fair value less disposal costs. The consolidated financial statement was prepared in euros.

Amounts were rounded up to a thousand euros. For computational reasons, rounding differences to the mathematically exact values (money units, percentages, etc.) can occur in tables and in the case of references.

2.2 Consolidation principles

The consolidated financial statement includes the financial statement of Schur Flexibles Holding GesmbH and its controlled subsidiaries as of December 31, 2021. Joint companies and associated companies, on which Schur Flexibles Holding GesmbH directly or indirectly exerts a significant influence, are not available.

Control is deemed to exist if the Group is exposed or entitled to fluctuating returns from its involvement with the investee and can also use its power over the investee to influence these returns. Control exists if all the following conditions are met:

- the power of disposal over the investee (i.e. the Group has the ability to control those activities of the investee that have a material impact on its returns based on currently existing rights),
- a risk exposure due to or entitlement to fluctuating returns from its engagement in the affiliated company and
- the ability to use its power of disposition over the investment company in such a way that it influences the return of the investment company.

Subsidiaries are fully consolidated from the time of acquisition, i.e. on the day on which the Group acquires control. The consolidation ends as soon as the control by the parent company no longer exists.

Notes to the consolidated financial statement as of December 31, 2021

Schur Flexibles Holding GesmbH, Vienna Neudorf

The annual financial statements of the subsidiaries included in the consolidated financial statement are prepared on the balance sheet date of the parent company on the basis of uniform accounting and valuation methods as well as reporting periods (December 31).

Intercompany balances as well as transactions and resulting intra-group profits and losses were eliminated in full.

Consolidation group

In fiscal year 2021, the following subsidiaries were included in the consolidated financial statement by means of full consolidation. The percentages refer to the company-related capital shares, previous year values in parentheses.

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Notes to the consolidated financial statement as of December 31, 2021

Schur Flexibles Holding GesmbH, Vienna Neudorf

Consolidated subsidiary	Capital shares
Schur Flexibles Deutschland GmbH, Berlin, Germany	100% (100%)
Schur Flexibles Dixie GmbH, Kempten, Germany	100% (100%)
Schur Flexibles Dixie Verwaltungs GmbH, Kempten, Germany	100% (100%)
Schur Flexibles Produktions GmbH Co KG, Kempten, Germany	100% (100%)
Schur Flexibles Vacufof GmbH, Bad Grönenbach, Germany	100% (100%)
Schur Flexibles Flexofol GmbH, Kempten, Germany	100% (100%)
Dixie Iberia SLU, Cerdanyola Del Valles, Spain	100% (100%)
Schur Flexibles Poland Sp.z.o.o., Bogucin, Poland	100% (100%)
Schur Flexibles Moneta s.r.o., Trebisov, Slovakia	99% (99%)
Schur Flexible ABR SA, Komotini, Greece	94.2% (80%)
Prisma SA, Komotini, Greece	94.2% (80.1%)
OOO Schur Flexibles Rus, St. Petersburg, Russia	100% (100%)
Danapak Flexible A/S, Slagelse, Denmark	100% (100%)
Schur Flexible Benelux B.V., Leek, Netherlands	100% (100%)
Schur Flexibles Denmark A/S, Bjert, Denmark	100% (100%)
Schur Flexible Finland oy, Jakobstad, Finland	100% (100%)
PS Polymer Sourcing GmbH, Warburg, Germany	90% (90%)
Drukkerij Zwart B.V., Amersfoort, Netherlands	96.78% (96.78%)
Zwart LLC, St. Petersburg, Russia	96.78% (96.78%)
TSO Packaging Printers B.V., Goirle, Netherlands	100% (100%)
Cats Flexible Packaging B.V., Rotterdam, Netherlands	100% (100%)
Hänsel Flexible Packaging GmbH, Friday, Germany	100% (100%)
Schur Flexible Uni Roto SAS, Averdoingt, France	80% (80%)
Schur Flexible Uni Flexo SAS, Fontenay-le-comte, France	80% (80%)
Schur Flexible Uni Pouches SARL, La Ferte-Bernard, France	80% (80%)
Schur Flexible Uni Coextrusion SA, Vendome, France	80% (80%)
Schur Flexibles Uni UK Converting Limited, St Helens, United Kingdom	64% (64%)
Schur Flexible Uni Logistics SASU, La Ferte-Bernard, France	80% (80%)
Schur Flexibles Uni UK Limited, Midlothian, United Kingdom	80% (80%)
Oui3 Ltd, Liverpool, United Kingdom	80% (80%)
Schur Flexibles Uni Österreich GmbH, Pottendorf, Austria	80% (80%)
Schur Flexible Uni SAS, Averdoingt, France	80% (80%)
Scandiflex Pac AB, Landskrona, Sweden	100% (100%)
Sidac SpA, Forlì, Italy	100% (0%)
Schur Flexibles Digital GmbH, Vienna Neudorf, Austria	100% (0%)
Schur Flexibles Ireland GmbH, Cork, Ireland	80% (80%)
Termoplast S.r.l., Gambassi Terme, Italy	100% (0%)

Notes to the consolidated financial statement as of December 31, 2021

Schur Flexibles Holding GesmbH, Vienna Neudorf

The following companies are not consolidated due to their minor importance for understanding the asset, financial and earnings situation:

Non-consolidated subsidiary	Capital shares
Unipac AB, Norrköping, Sweden	80% (80%)
UNI Verpackungen GmbH, Aachen, Germany	80% (80%)

The changes in the scope of consolidation compared to the previous year are explained in Note 4 Changes in the scope of consolidation.

2.3 Summary of significant accounting and valuation methods

2.3.1 Corporate acquisitions and goodwill

The acquisition method is used for the accounting of company acquisitions in accordance with IFRS 3. Ancillary costs in connection with company acquisitions are recognized as expenses at the time of their creation.

The recognized identifiable assets and debts are valued at their fair values at the time of acquisition. The surplus of the acquisition costs of a company acquisition over the fair value of the identifiable assets and debts acquired on the day of the acquisition process is referred to as goodwill and is recognized as an intangible asset.

For each acquisition of the company, the non-controlling shares are recognized either with the fair value to be applied (full goodwill method) or with the proportional share (partial goodwill method) of the non-controlling share in the net assets of the acquired company. For each acquisition, the company assesses separately whether the Full Goodwill or the Partial Goodwill method is used.

If, on the acquisition date, symmetrically structured calls or put options for the acquisition/sale of the remaining or for a portion of the remaining non-controlling shares are agreed, it must be assessed whether all opportunities and risks associated with the ownership of the non-controlling shares have already been completely transferred to the purchaser as of the acquisition date.

If this is the case, the acquisition must be presented as if 100% of the shares had already been acquired and no recognition of non-controlling shares takes place. If the opportunities and risks have not already been transferred on the acquisition date, there is a factual option to disclose the corresponding non-controlling shares or to balance the acquisition of 100% of the shares on the acquisition date. In such a case, the Group does not show the non-controlling shares. This approach is applied steadily.

Schur Flexibles Holding GesmbH, Vienna Neudorf

Irrespective of whether non-controlling shares are presented, a financial liability must be recognized for the options for the acquisition of the remaining or a part of the remaining non-controlling shares, which is valued at the respective reporting date with the settlement amount in a manner affecting net income.

2.3.2 Currency conversion

The consolidated financial statement is prepared in euros, the functional currency of the parent company and the presentation currency of the Group. Each company within the Group determines the functional currency on the basis of the primary economic environment in which it operates. The items contained in the financial statement of the respective company are valued using this functional currency. Foreign currency transactions are initially converted on the day of the business transaction at the valid spot exchange rate between the functional currency and the foreign currency. Monetary assets and debts in a foreign currency are converted into the functional currency at the reference date. All currency differences in this regard are recognized in the period result.

The functional currency of the foreign companies is basically the euro. The following companies have other functional currencies: Schur Flexibles Poland Sp.z.o.o. has the Polish zloty as its functional currency, OOO Schur Flexibles Rus and Zwart LLC, Russia has the Russian ruble as its functional currency, Schur Flexibles Uni UK Converting Limited and Schur Flexibles Uni UK Limited have the British pound as their functional currency, Danapak Flexibles A/S and Schur Flexibles Denmark A/S have the Danish krone as their functional currency and Scandiflex Pac AB has the Swedish krona as its functional currency. As of the balance sheet date, the assets and debts of these subsidiaries are converted into the presentation currency of the Group (euro) at the rate on the balance sheet date. Income and expenses are converted at the exchange rate on the transaction date or for reasons of simplification at the respective monthly average exchange rate. The conversion differences resulting from the conversion are recognized in the equity capital as adjustment items for currency conversion within the Miscellaneous Reserves.

2.3.3 Intangible assets and goodwill

Acquisition within the framework of a company merger

Intangible assets that are not acquired within the framework of a company merger are recognized at the time of initial recognition at acquisition or production costs. The acquisition costs of intangible assets acquired as part of a business merger correspond to their fair value at the time of acquisition. The intangible assets are recognized in the following periods with their acquisition or manufacturing costs less accumulated depreciation and impairment expenses.

Goodwill

The goodwill arising from business combinations is valued at acquisition cost less accumulated impairment expense.

Notes to the consolidated financial statement as of December 31, 2021

Schur Flexibles Holding GesmbH, Vienna Neudorf

Intangible assets with limited and unlimited useful life

A distinction is made between intangible assets with limited and those with an unlimited useful life. Intangible assets with finite useful lives are recognized in subsequent periods at cost less accumulated amortization and accumulated impairment losses.

Intangible assets with a limited useful life include in particular software and customer relationships. These are depreciated on a straight-line basis over the economic useful life and checked for possible impairment, provided there are indications that the intangible asset could be impaired in value. The depreciation period and the depreciation method are reviewed at least at the end of each fiscal year for intangible assets with a limited useful life. The changes in the depreciation method or depreciation period required due to changes in the expected useful life or the expected consumption of the future economic benefit of the asset are treated as changes in estimates.

Intangible assets with an unlimited useful life, which in particular include goodwill and trademark rights, are not subject to scheduled depreciation. The book value of these assets is subjected to an impairment test at least once a year. For the regular review of the intrinsic value of these assets, cash-generating units are defined to which these assets can be allocated. The cash-generating unit is defined in IAS 36.6 et seqq. in conjunction with IAS 36.65 et seqq. in connection with the impairment test (impairment test) as the smallest group of assets that generates cash inflows and outflows independently of the use of other assets or other cash-generating units.

Self-created intangible assets - research and development

Expenses for research activities are recognized in profit or loss if they are incurred.

Development expenses are only capitalized if the development costs can be reliably measured, the product or process is technically and commercially suitable, a future economic benefit is probable and the Group both intends and has sufficient resources to complete the development and to use or sell the asset. No capitalization of development costs took place in the fiscal year, since the corresponding prerequisites were not met.

Self-created intangible assets mainly relate to software.

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Notes to the consolidated financial statement as of December 31, 2021

Schur Flexibles Holding GesmbH, Vienna Neudorf

In detail, the following intangible assets are disclosed with the following useful lives:

	Years
Software	3 to 5
Customer relationships	10 to 15
Trademark rights	unlimited

2.3.4 Property, plant and equipment

Property, plant and equipment are capitalized at acquisition or production cost and depreciated on a straight-line basis over their expected useful life to their residual value. The acquisition or manufacturing costs include expenses that are directly attributable to the acquisition or manufacture of the items. Subsequent acquisition or production costs are included in the carrying amount of an asset or recognized as a separate asset if it is probable that future economic benefits associated with the item of property, plant and equipment will flow to the Group and the cost of the item can be reliably estimated.

Schur uses flexible pressure plates and cylinders as part of the applied printing process. These must be equipped with the specific unique printing patterns in order to be used for customer orders (tooling). The costs incurred in connection with the acquisition / production of the printing samples are capitalized and subsequently amortized over the respective useful life.

If the criteria of IAS 16 are met, major inspections / repairs and spare parts are capitalized. The costs of the major inspections / repairs are subsequently depreciated over the period until the next major inspection/repair. Spare parts are generally recognized in the inventory assets and are recognized as expenditure when used. However, major spare parts are treated as property, plant and equipment if they meet the definition of property, plant and equipment and are therefore held for the purpose of production and are expected to be used for more than one period. Spare parts that meet the requirements of IAS 16 are depreciated over their respective useful life or over the remaining useful life of the underlying investment (whichever period is shorter). Ongoing maintenance and repair costs are immediately recognized as expenses.

The scheduled depreciation takes place over the following useful lives:

	Years
Buildings	25 to 50
Machines	8 to 20
Machine components	2 to 10
Tooling	2 to 7
Miscellaneous	2 to 8

The useful life, the method of depreciation and the residual value of the tangible assets are reviewed annually and adjusted if necessary.

Notes to the consolidated financial statement as of December 31, 2021

Schur Flexibles Holding GesmbH, Vienna Neudorf

Any profit or loss from the disposal of a tangible asset is shown in the profit and loss account in the Miscellaneous operating income or expenses.

2.3.5 Impairment of long-term, non-financial assets

Long-term assets are checked for impairment if circumstances or changes in circumstances indicate that the book value of an asset could not be achievable. For goodwill and intangible assets with an indefinite useful life, a value check is carried out at least at the end of each fiscal year. For the impairment test, the achievable amount of the asset or cash-generating unit (CGU) must first be determined. The recoverable amount is defined as the higher of the two amounts from the fair value to be applied minus the cost of disposal and the value of use. The usage value is determined on the basis of the discounting of estimated future payment flows derived from the medium-term planning to their present value.

Schur Flexibles Holding Group has calculated the achievable amount based on the usage value. The underlying detailed medium-term planning has a planning horizon of four years and was approved by the Group management. The extrapolation phase is divided into a transition year and a perpetual pension. In the planning period, including the year of transition, an annual EBITDA margin (EBITDA in relation to sales) of 8.9% to 16.8% (previous year: 8.1% to 15.8%) was taken into account based on the results achieved, the already known results effects and the expected results from synergies. Although a significant recovery is planned, the margins are still below those of stock-exposed comparable companies. The payment flows after this planning period are taken into account with a growth rate of 1% (previous year: 1%). The discount rate (before taxes) is determined on the basis of the weighted cost of capital rate and is, depending on the CGU, 7.59% to 9.52% (previous year: 7.09% to 8.4%). The discount rate reflects the current market assessments and was estimated based on the average weighted capital costs customary in the industry.

Goodwill totaled EUR 70,197,000 (previous year: EUR 24,676,000) and is shown in the table below. The following information is provided on the assumptions for the valuation of goodwill. The operating segments Films and Tobacco are summarized under the Miscellaneous CGUs for materiality reasons; the significant part of the goodwill is to be allocated to the areas Termoplast, Sidac and Confectionary.

Notes to the consolidated financial statement as of December 31, 2021

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Schur Flexibles Holding GesmbH, Vienna Neudorf

Assumptions for impairment tests for CGU with significant goodwill	2021		
	Book value December 31, in TEUR	EBITDA margin ¹	Discounting interest rate ²
Termoplast	27,321	9.5%	9.40%
Confectionary	19,431	16.8%	8.64%
Sidac	18,171	16.1%	9.52%
Tea Tags & Coffee	2,293	15.7%	7.71%
Protein and Cheese	2,246	10.8%	7.72%
Miscellaneous CGU	734	8.9% or 10.4%	7.59% or 8.22%
Total	70,197		

Assumptions for impairment tests for CGU with significant goodwill	2020 adjusted		
	Book value December 31, in TEUR	EBITDA margin ³	Discounting interest rate ⁴
Confectionary	19,431	15.8%	8.34%
Tea Tags & Coffee	2,293	15.6%	7.25%
Protein & Cheese	2,218	10.2%	7.09%
Miscellaneous CGU	734	8.1% or 10.3%	7.15% or 7.70%
Total	24,676		

The following sensitivity analyses were performed as part of the impairment test:

	Termoplast	Confectionary	Sidac	Tea Tags & Coffee	Protein & Cheese	Miscellaneous CGI
Goodwill 2021 in TEUR	27,321	19,431	18,171	2,293	2,246	734
Impairment at an increase in the discount interest rate by 0.5%	-	-	-3.334	-	-	-
Impairment applies when the discount interest rate is increased by	2.1% points	8.0% points	0.1% points	3.0% points	5.0% points	6.5% points
Impairment with a reduction of 0.5% point of the EBITDA margin	-	-	-2.582	-	-	-
A reduction in value applies in the event of a reduction in the EBITDA margin by	1.9% points	6.9% points	0.1% points	2.5% points	2.0% points	2.5% points

¹ The EBITDA margin is shown in the perpetual pension

² The WACC is shown before tax

³ The EBITDA margin is shown in the perpetual pension

⁴ The WACC is shown before tax

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The capitalized trademark rights were composed as follows:

Capitalized trademark rights by the company in TEUR	12/31/2021	12/31/2020	01/01/2020
Schur Flexibles Holding GesmbH (word brand and combined word/image brand)	0	0	0
Schur Flexibles Dixie GmbH (word brand and combined word/image brand)	53	53	196
Schur Flexible ABR SA (word brand)	1,115	1,115	1,115
Danapak Flexible AS (word brand and combined word/image brand)	202	282	361
Schur Flexibles Benelux BV		340	
Total number of trademark rights capitalized	1,370	1,790	1,672

The useful life of the trademark rights of Schur Flexibles ABR SA, Schur Flexibles Dixie GmbH and Danapak Flexibles AS is estimated to be unlimited, as they have a history and can and should continue to be used in the long term.

For a complete overview of the intangible assets, reference is made to the list of the development of the fixed assets under statement 7.1.

Value revaluations are carried out if there has been a change in the estimated payment flows used in the determination of the recoverable amount since the recognition of the last impairment expense, and the value of use exceeds the book value of the asset. The write-up is done at the most on the amount that would have resulted without performing the unscheduled depreciation. There is no write-down to a depreciated goodwill.

2.3.6 Inventories

Inventories are sold at acquisition or production costs. The acquisition costs are determined primarily on the basis of the FIFO method (first in, first out). The production costs include all individual costs attributable to the provision of services as well as production-related overhead costs. The valuation of inventories as of the balance sheet date is carried out at the lower amount of acquisition or production costs and realizable net sales value. The net sales value represents the expected sales proceeds less the costs still incurred until the sale. The net sale value of unfinished products is determined retrogradely from the net sale value of the finished products, taking into account the costs still incurred until completion. If the reasons that led to a reduction in the value of the inventories cease to exist, a corresponding reversal of the value is carried out.

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2.3.7 Financial assets and liabilities

The financial assets essentially include cash and cash equivalents, trade accounts receivable and Miscellaneous financial assets. Financial liabilities include, in particular, trade accounts payable, accounts payable from supply financing, accounts payable to banks, and accounts payable from leases. The initial recognition and derecognition of regular way purchases and sales are carried out on the settlement date. Financial assets (excluding trade accounts receivable without a significant financing component and financial liabilities) are initially measured at fair value. For an item that is not valued at FVTPL, the transaction costs that are directly attributable to its acquisition or issue are added or deducted. The initial approach of trade accounts receivable without significant financing components is carried out at their transaction price.

Financial assets and liabilities are only offset if offsetting the amounts is legally enforceable at the present time and there is an intention to actually offset on a net basis.

Classification of financial assets

On initial recognition, a financial asset is classified and measured as follows:

Investments in equity capital instruments must in principle be valued at fair value through profit or loss. In this case, there is only the irrevocable individual case-related option to show changes in the fair value to be applied in Miscellaneous comprehensive income for the first time. Schur Flexibles Holding Group does not make use of this option.

The classification of debt instruments is based on the business model of the company and the characteristics of the contractual payment flows (interest and principal payments, so-called "SPPI criterion") of the financial assets. All instruments that meet the cash flow criterion and are managed in the business model "holding", are valued at amortized acquisition costs and all instruments with fulfillment of the cash flow criterion and the allocation "holding and selling" at the fair value to be applied in Miscellaneous comprehensive income. All other debt instruments are to be valued at fair value in the profit and loss account.

A reclassification only takes place if the business model changes to control such assets.

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The Group classifies its financial assets in the following valuation categories according to IFRS 9:

- In a manner affecting net income at fair value, with recognition of changes in value in the period result (FVPL). This includes the financial assets of the Schur Flexibles Holding Group that do not meet the payment flow criterion and freestanding derivatives that were not designated for hedge accounting. A part of the portfolio of accounts receivable is offered for sale in a factoring program. Trade accounts receivable that are intended for sale and thus allocated to the business model "Miscellaneous" are also assigned to this category.
- At amortized cost using the effective interest method (amortized cost, AC). This category includes all other financial assets that meet the cash flow criterion and are assigned to the business model "Holding".

A financial asset is derecognized if the contractual rights to receive cash flows from the financial asset have expired or if the Group has transferred its contractual rights to receive cash flows from the financial asset to a third party or has entered into a contractual obligation to pay the cash flow immediately to a third party for which substantially all risks and rewards have been transferred.

If neither all opportunities and risks are transferred nor withheld in the transfer of financial assets, Schur Flexible Holding Group recognizes a miscellaneous asset for the retained risk amount (so-called "Continuing Involvement") as well as an associated miscellaneous account payable (so-called "Associated Liability"). In the sense of the IDW HFA 48, these items are considered to be items "sui generis".

Classification of financial liabilities

Financial liabilities (including trade accounts payable) within the scope of IFRS 9 are generally measured at amortized cost using the effective interest method. This does not include derivative financial instruments that are valued at FVPL or used for hedge accounting.

Financial liabilities are written off when all contractual obligations have been met, canceled or expired.

○ *Financial liabilities at amortized cost*

Financial liabilities are recognized at amortized cost in the subsequent valuation using the effective interest method. Interest expenses, foreign currency translation differences and profits or losses from the derecognition are recognized in the profit and loss account as part of the financial expenses.

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Derivatives

o Hedge Accounting

Derivative financial instruments (interest swaps) were concluded to hedge interest rate risk, which are used within the framework of cash flow hedges. Derivative financial instruments are recognized at fair value at the time of conclusion of the contract and are valued at fair value in subsequent periods. Derivative financial instruments are recognized as assets if their fair value is positive and as debts if their fair value is negative.

At the beginning of the designated hedging relationships, the Group documents the risk management goals and strategies that it pursues with regard to hedging. The Group also documents the economic relationship between the hedged item and the hedging instrument and whether changes in the cash flows of the hedged item and the hedging instrument are expected to offset each other.

When the interest rate swap was entered into to hedge the risk of fluctuations in cash flows, these were assigned to specific underlying transactions. As part of a hedge, the effective part of the change in the fair values of the hedging instruments is recognized in Miscellaneous comprehensive income and cumulatively allocated to the Miscellaneous reserve. An ineffective part of the changes in the fair value of the derivative (ineffectiveness) is recognized in a manner affecting net income, but was not recognized in the reporting period or in the previous year. The underlying effectiveness measurement is carried out at each reporting date on the basis of the "hypothetic derivative method". The amounts recognized in Miscellaneous comprehensive income are reclassified in the period to the profit and loss account, in which the hedged transaction affects the period result, for example, when hedged financial income or expenses are recognized.

If the hedging no longer meets the criteria for the accounting of hedging transactions or the hedging instrument is sold, expires, is terminated or is exercised, the hedging relationship is prospectively terminated. When the balancing of cash flow hedges is terminated, the amount that has been allocated to the reserve for hedging relationships remains in equity capital until this amount is reclassified into profit or loss in the period or time periods in which the hedged expected future payment flows influence the profit or loss.

o Outside of hedge accounting (freestanding derivatives)

Derivatives that are not used for hedge accounting purposes are to be recognized in the balance sheet at fair value through profit or loss. This relates to an interest rate swap for which the underlying transaction was cancelled in 2018.

Impairment of financial assets

IFRS 9 prescribes a reduction in value model based on expected losses. This impairment model requires the recognition of impairments based on expected credit losses (expected credit loss model). The following three-stage model is provided for determining the scope of the risk provision:

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- 1) As a rule, a risk provision in the amount of the expected losses is formed within the next twelve months and recognized in terms of expenses.
- 2) If the credit risk has increased significantly (without a loss event), a risk provision is created in the amount of the expected defaults over the entire remaining term of the financial instrument.
- 3) As soon as there are objective indications of a reduction in value (loss event), the net book value (gross book value less risk provisioning) is used as the basis for determining the interest rate at an unchanged effective interest rate. The impairment is also formed in the amount of the expected defaults over the entire remaining term of the financial instrument.

In order to assess whether a significant increase in credit risk (level 2) has occurred, Schur Flexibles Holding Group compares the default risk of the financial instrument on the balance sheet date with that on the first recognition date. The Group takes into account appropriate forward-looking information. In particular, the following indicators are included:

- external credit ratings (if available).
- current or expected negative business developments, financial or economic conditions that could significantly impair the debtor in complying with his obligations.
- significant increases in the credit risk of other financial instruments of this debtor.
- significant changes in the expected services and behavior of the debtor, including changes in the payment status of the debtors in the group or changes in the operating results of the debtor.

Irrespective of the above-mentioned analysis, a significant increase in credit risk is assumed if the debtor is in default of payment for more than 30 days.

Financial assets are depreciated if there is no reasonable expectation of recovery, for example if external or internal information indicates that Schur Flexibles Holding Group will probably not receive the full amount of the outstanding amount. There is no expectation of recovery even if the counterparty is unable to continuously meet its contractual obligations.

These regulations apply to financial assets valued at amortized costs, debt instruments valued at the FVOCI, contractual assets according to IFRS 15, accounts receivable from leasing, loan commitments and certain financial guarantees.

For trade accounts receivable without significant financing components and for contract assets, the impairment is formed on the basis of the simplified approach, whereby the expected credit losses are to be calculated in the amount of the defaults expected over the entire remaining term.

For the assessment of the default risk in the Group, reference is made to Chapter 9.2 of this Appendix.

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2.3.8 Miscellaneous provisions

A provision is shown if the Group has a current (legal, contractual or de facto) obligation due to a past event, it is likely that the fulfillment of the obligation will lead to a outflow of funds and if a reliable estimate of the amount of the obligation can be made. The amount of the provisions is determined by discounting the expected future cash flows at a pre-tax interest rate that reflects the current market expectations with regard to the interest effect and the risks specific to the debt. The compounding is presented as a financing expense. Provisions are reviewed on each balance sheet date and adjusted to the best estimate currently available.

2.3.9 Investment grants

Investment funding received is recognized as a liability item in the balance sheet as soon as all requirements for disbursement are met and it can be assumed that the funding can actually be received. In accordance with the expected useful life of the funded assets, the deferred liability amount is recognized as Miscellaneous operating income of EUR 887,000 (previous year: EUR 2,798,000). This results in a final inventory of EUR 464,000 (previous year: EUR 485,000).

Performance-related contributions are netted with the respective subsidized expenses in the profit and loss account.

2.3.10 Lease relationships

At the start of the contract, the Group will assess whether the contract establishes or includes a lease. This is the case if the contract is entitled to control the use of an identified asset against payment of a fee for a specific period of time.

Schur Flexible Holding Group as Lessee

For leases in which Schur Flexibles Holding GesmbH acts as the lessee, a right of use is activated on the date of provision and the associated account payable from leasing is recognized.

The account payable from leasing includes the present value of the following payments:

- fixed leasing payments minus any accounts receivable from leasing incentives,
- variable lease payments based on an index or interest rate,
- residual value guarantees,
- exercise price of a purchase option if the lessee will exercise this option with sufficient certainty, and
- payment of penalties for the early termination of the lease.

Variable lease payments or payments for subsequent offsets (e.g. excess or shortfall in mileage) are recognized directly in the consolidated comprehensive income statement and are not taken into account when account payable from leasing is calculated.

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The Group makes use of the option according to IFRS 16.15 and balances the entire contract (leasing and service component) according to IFRS 16.

The lease payments are discounted at the lessee's interest rate, since the group is not aware of the implicit interest rate. The current effect of interest on the subsequent valuation of account payable from leasing is shown in the financial result of the consolidated income statement.

The right of use is set at acquisition costs, which are composed as follows:

- amount of the initial valuation of the account payable from leasing,
- any leasing payments made on or before the start date, minus any leasing incentives received,
- any initial direct costs and
- recovery costs.

The right of use of the asset is depreciated on a straight-line basis over the shorter period from the useful life of the asset and the lease term.

When determining the term of the lease, termination and extension options that are exercised with sufficient certainty must be taken into account. An annual review regarding the assessment of the exercise of the options, as well as a revaluation, if necessary, are carried out. The other contractual parameters are also continuously monitored and, if necessary, adjustments are made in the form of revaluations or modifications.

The Group does not use the simplification provisions for short-term leases and leases on low-value assets.

Schur Flexible Holding Group as lessor

If the Group appears as a lessor, it classifies each lease as either a finance lease or an operating lease at the start of the lease.

Within the Group, lease purchase agreements are concluded with a focus on machines. For such transactions, the first step is an analysis of the extent to which an actual transfer of control has been carried out according to the criteria of IFRS 15 and the underlying asset has been transferred to the lessor. If there is no transfer of control, the transaction is not within the scope of application of IFRS 16 and there is pure financing (no sale and leaseback). In this case, the sold assets are continued with their book values at the lessee's seller and the consideration received is to be presented as financial liability. If the criteria for a transfer of control are met, IFRS 16 applies to the returned assets. Any sales proceeds must be reduced to the extent to which the asset is repaid.

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2.3.11 Sales revenue

The Group generates sales revenues by creating and shipping packaging material. The business model is mainly based on framework contracts, which, however, do not yet constitute a contract in accordance with IFRS 15. Instead, only a specific call-off together with the framework contract constitutes a contract within the meaning of IFRS 15.

With regard to the performance obligations, the creation and shipping of packaging material are to be regarded as the only significant separate performance components. Due to the agreed Incoterms, transport services are only to be regarded as a separate service obligation in the case of very few contracts, which also make up only a negligible share of the total turnover. Due to the insignificant influence, accounting as an independent service component is therefore waived. Services such as engraving or punching represent only fulfillment activities and are not to be presented as separate service obligations. The proceeds arising from the further offsetting of these tooling services are delimited over the term of the underlying customer contracts. The associated deferred income can be found in Chapter 7.10.

The transaction price from contracts with customers is generally fixed. In addition, certain customers are granted retroactive discounts if they have accepted a predefined volume of goods in the billing period. These discounts are to be presented as variable remuneration according to IFRS 15 and are to be assessed for the first time at the start of the contract on the basis of expected values. The turnover to be realized must be reduced and the expected discount payment recognized as an account payable.

Payments are to be made on a target basis. However, due to the short payment deadlines, there is no significant financing component. Since the consideration for transferred goods/services corresponds to the individual sale price, no allocation between individual service components is required. Sales revenues are recognized on a point in time basis if the power of disposal over the goods is transferred to the customer.

2.3.12 Income taxes

Actual income taxes

The actual tax refund claims and tax debts for the current period and for previous periods are to be valued at the amount in which a reimbursement is expected by the tax authorities or a payment to the tax authorities. The calculation of the amount is based on the tax rates and tax laws that apply on the balance sheet date or that will apply shortly.

Complex tax regulations can lead to uncertainties with regard to the interpretation as well as the amount and time of future taxable income. Tax provisions are created on the basis of reasonable estimates for their amount and the probability of their occurrence of non-safe obligations to the respective national tax authorities. Factors such as experience from previous tax audits and different legal interpretations between taxpayers and tax authorities with regard to the respective facts are taken into account.

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Deferred taxes

Deferred taxes are recognized for temporary differences between the carrying amounts of assets and debts for group accounting purposes and the amounts used for tax purposes.

Deferred tax assets are recognized for all deductible temporary differences, unused tax loss carried forward and unused tax credits to the extent that it is probable or there is convincing substantial evidence that taxable income will be available against which the deductible temporary differences and the unused tax loss carried forward and tax credits can be offset.

In order to assess the question of whether deferred tax claims from the tax loss carried forward are usable, i.e., recoverable, the Company's results planning and concretely feasible tax strategies are used. The planning period considered for the probability assessment is determined according to the circumstances at the respective group company and is generally between five and seven years.

Deferred tax assets and debts are measured on the basis of the tax rates, the validity of which is expected for the period in which an asset is realized or a debt is fulfilled. The tax rates (and tax regulations) that are valid or announced as of the balance sheet date are used as the basis for this. Income taxes are generally recognized in a manner affecting expenses unless they refer to circumstances recognized in equity capital in a manner that is neutral to net income. They are then also recognized in Miscellaneous results or directly in equity capital.

For the difference between the net assets and the tax book value of subsidiaries and associated companies (so-called "outside base differences"), deferred tax liabilities were not recognized on the balance sheet as long as Schur Flexible Holding Group can control the inverse effect and it is likely that the temporary difference will not reverse in the foreseeable future. Accordingly, no deferred tax liabilities were recognized on these "outside basis differences". All subsidiaries are foreign investments in Europe, the distributions of which are to be considered tax-exempt. Accordingly, taxation would only be incurred if the subsidiaries were sold or liquidated, but this can be managed accordingly by the Group.

Within the group, tax entities exist in France (corporate tax), the Netherlands (corporate tax) and Denmark (corporate tax). In Germany (corporate tax, trade tax, value-added tax), there is also a tax group, wherein the parent company Schur Flexibles GmbH is outside of the consolidated group, but the German subsidiaries belong to within the consolidated group. Therefore, no deferred tax assets or liabilities are formed in these subsidiaries.

Deferred tax claims and deferred tax debts are offset against each other if the Group has a enforceable claim for offsetting the actual tax refund claims against actual tax debts and these relate to income taxes of the same tax subject, which are levied by the same tax authority.

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2.3.13 Pensions and Miscellaneous benefits to employees

There are defined contribution pension plans for companies included in the Group. In Austria, contributions must be made to an employee pension fund. This form of severance payment is treated as a contribution-oriented plan.

All expenses for benefits to employees are shown in the personnel-related expenses.

French and Greek companies have undertaken to pay benefits to employees after the end of employment. Here, the Group bears the investment risk and the risk of bearing higher expenses than expected (insurance risk). The amounts recognized under the long-term provisions correspond to the present value of the earned claims ("defined benefit obligation" (DBO)). They are calculated annually according to the method of ongoing one-time payments ("projected unit credit method") and take into account both the pensions and acquired entitlements known on the balance sheet date as well as the future increases in salaries and pensions using a fluctuation rate dependent on the period of service. The yield of first-rate corporate bonds in the respective currency area serves as the interest rate for determining the cash value of the obligations. In the 2021 fiscal year, the expected benefits to be paid in France were calculated using an actuarial interest rate of 1.00% p.a. (previous year: 0.35% p.a.) and taking into account expected salary increases of 2.00% p.a. (previous year: 2.00% p.a.).

The vacation obligations are assessed in the amount of the daily rates or the average hourly rate, including the social security contributions incurred.

2.3.14 Measurement of the fair value to be applied

In some cases, assets and debts are valued at their fair value either upon first recognition or within the framework of the subsequent valuation.

The fair value to be applied is the price that would be taken in an orderly business transaction between market participants on the assessment date for the sale of an asset or paid for the transfer of a debt. When calculating the fair value to be applied, it is assumed that the business transaction in the context of which the sale of the asset or the transfer of the debt takes place either on the main market for the asset or the debt or the most advantageous market for the asset or the debt, if no main market is available. The Group must have access to the main market or the most advantageous market.

The fair value of an asset or debt to be applied is measured on the basis of the assumptions that market participants would base the price formation for the asset or debt. It is assumed that the market participants act in their best economic interest.

When measuring the fair value of a non-financial asset, the market participant's ability to generate economic benefits through the highest and best use of the asset or through its sale to another market participant who finds the highest and best use for the asset is taken into account.

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The Group applies valuation techniques that are appropriate under the respective circumstances and for which sufficient data is available to measure the fair value to be applied. The use of significant, observable input factors must be kept as high as possible and those of non-observable input factors as low as possible.

All assets and debts for which the fair value to be determined or shown in the financial statement are classified in the fair value hierarchy described below, based on the input parameter of the lowest level, which is significant for the valuation at fair value overall:

Level 1: In active markets, prices for identical assets and accounts payable were quoted (unchanged).

Level 2: For the asset or the account payable, either directly or indirectly observable input data that does not represent listed prices according to level 1.

Level 3: Used input data that is not based on observable market data for the valuation of the asset and the account payable (non-observable input data).

2.3.15 New and changed standards and interpretations of IFRS

The accounting and valuation methods used generally correspond to the methods used in the previous year. In addition, the Group has applied the new or revised standards that are binding for the fiscal years beginning on or after January 1, 2021.

2.3.16 New and changed standards that apply in 2021

In preparing the consolidated financial statement, the following changes of existing IAS, IFRS or interpretations as well as the newly published standards and interpretations, insofar as they were published in the Official Journal of the European Union and have entered into force, are observed:

Standard	Content	To be applied from	Significant effects on the consolidated financial statement
IFRS 4	Extension of the period for the temporary exemption from the application of IFRS 9	01/01/2021	none
IFRS 16	Rental concessions related to the COVID-19-Pandemic after June 30, 2021	01/01/2021	none
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Reform of the reference interest rates (IBOR reform) - Phase 2	01/01/2021	none

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2.3.17 Standards, interpretations and changes to published standards that are not yet mandatory to be applied in 2021 and were not applied early

By September 16, 2022, the following standards and interpretations were introduced or changed, but these were not yet mandatory for the 2021 fiscal year. Early use is not planned.

Standard	Content	Adapted and to be applied from	Significant effects on the consolidated financial statement
IFRS 3	Changes to IFRS 3: Reference to the framework concept of IFRS	01/01/2022	none
IAS 16	Changes to IAS 16: Tangible assets - income before the intended use	01/01/2022	See explanations
IAS 37	Changes to IAS 37: Encumbering Contracts - Costs of contract fulfillment	01/01/2022	none
Annual IFRS improvements	Cycle 2018-2020	01/01/2022	none
IFRS 17	Insurance contracts	01/01/2023	none
IAS 1 and IFRS Practice Statement 2	Change: Specification of accounting and valuation methods as well as application of the concept of materiality	01/01/2023	none
IAS 8	Definition of accounting-related estimates	01/01/2023	none
IAS 12	Deferred taxes related to assets and debts arising from a single transaction	01/01/2023	none

Standard	Content	Not adopted and to be applied from	Expected significant effects on the consolidated financial statement
IAS 1	Changes to IAS 1: Classification of accounts payable as short- or long-term	01/01/2023	none
IFRS 17, IFRS 9	Amendment to IFRS 17: Initial application of IFRS 17 and IFRS 9 - comparative information	01/01/2023	none

Changes to IAS 16: Tangible assets - proceeds before intended use

The change to IAS 16 prohibits a company from deducting revenue from the acquisition or production costs of a tangible asset that it generates from the sale of items that were produced during the time in which the asset was brought to its location and/or in operational condition (such as proceeds from the sale of samples produced on a test facility). The change also clarifies what is meant by "costs for test runs". This includes costs for determining whether the asset is technically and physically capable of performing its intended use. However, achieving a certain financial performance capacity (e.g., an operating profit margin targeted by management) is irrelevant for the assessment.

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The change requires that companies show revenues and costs in connection with produced items that do not originate from the normal business activities of the company separately and indicate the item of the comprehensive income statement in which these revenues are recognized.

The Schur Flexibles Holding Group sometimes produces goods during the test phase of systems that can be sold to customers and thus fall within the scope of the change presented to IAS 16. The effects on the asset, financial and earnings situation of the Group are quantified in 2021.

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3 Significant discretionary decisions, estimates and assumptions

When preparing the consolidated financial statement, management makes discretionary decisions, estimates and assumptions that affect the amount of income, expenses, assets and debts reported as of the reporting date, as well as the disclosure of contingent debts. However, the uncertainty associated with these assumptions and estimates could result in results that lead to significant adjustments in the book value of the affected assets or debts in future periods.

The most important forward-looking assumptions and other main sources of estimation uncertainty existing on the reporting date, due to which there is a considerable risk that a significant adjustment in the carrying amounts of assets and debts will be required within the next fiscal year, are explained below. Assessments and decisions made in connection with the error corrections performed are explained in Chapter 6.

The time at which sales revenues are realized depends on the respectively agreed Incoterms and depends on when the power of disposal is transferred to the customer. This point in time is determined by the Group based on the transfer of risk and ownership. In addition, some contracts have variable components that have an influence on the transaction price. This variable component is determined based on the expected value method (Expected Value Method). These expected values are regularly reviewed and adjusted if necessary.

Within the framework of the purchase price allocations carried out according to IFRS 3, the fair values of the acquired assets were determined using common procedures. The procedures are based on cash flow planning for acquired companies of the Schur Flexible Holding Group as well as expectations of market development. The planning period reflects the long-term corporate planning. The recognized cash flows were derived from past information and from the existing customer relationships and order inventories. The current economic conditions were taken into account when planning the cash flows. If the purchase price exceeds the fair value of the acquired assets, a goodwill was recognized. However, if the purchase price is below the fair values, a so-called Passive difference amount recognized as Miscellaneous operating income affecting net income. In fiscal year 2021, goodwill in the amount of EUR 45,492,000 (previous year: EUR 0) was recognized.

The determination of the useful lives of the tangible fixed assets and intangible assets is based on assumptions over the expected period of the possibility of use of the individual assets. The useful lives could be shortened due to the faster wear of the machines contained in tangible fixed assets as well as due to technical progress.

The assessment of the exercisability of renewal and termination options in connection with the determination of the term of leases affects the amount of the account payable from leasing and the corresponding right of use. The focus of the Group is primarily on termination options in connection with unlimited terms for real estate such as production buildings, warehouses and factory premises. The Group carried out a technical and economic assessment of the condition and usability of the corresponding assets in order to deposit the economic useful life as a term for the corresponding lease. The Group continuously evaluates the assessment of the technical and economic condition. Due to the assessment of the termination options in connection with the unlimited terms, it is currently not to be assumed that the termination and extension options were not exercised, which would result in future cash outflows.

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The impairment of long-term non-financial assets is tested annually on the basis of IAS 36. The basis for the impairment test is the future cash surpluses that are generated for individual assets or units of assets that generate cash. The impairment test is based on cash flow planning for the Schur Flexible Holding Group and expectations of market development. The planning period reflects the long-term corporate planning. The prevailing economic conditions on the balance sheet date were taken into account when planning future cash flows. Significant long-term assets that are tested annually for intrinsic value are the intangible assets and tangible assets reported in the Group. The assumptions made by the management of the Group regarding the trend in business development in the industry correspond to the expectations of industry experts and market observers. Details of the assumptions and sensitivities used in the impairment tests are presented in section 2.3.5 Impairment of non-current, non-financial assets.

In fiscal year 2021, no impairment losses on long-term non-financial assets were recognized (previous year: EUR 0).

The value adjustment of doubtful accounts receivable is determined on the basis of assessments and assessments of individual accounts receivable that are based on the creditworthiness of the respective customer, the current economic developments, the analysis of historical defaults on accounts receivable, and in particular taking into account country-specific components. As of December 31, 2021, the value adjustment for trade accounts receivable amounted to EUR 4,223,000 (previous year: EUR 4,639,000). The book value of trade accounts receivable amounted to EUR 66,657,000 (previous year: EUR 36,370,000).

Provisions for costs associated with warranties are created at the time of the sale of the underlying products or the service to be provided or when a warranty event becomes known. The evaluation at the time of first recognition is based on empirical values from the past. The original estimate of costs associated with warranties is reviewed annually. As of December 31, 2021, warranty provisions in the amount of EUR 462,000 (previous year: EUR 303,000) were recognized.

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4 Consolidation group changes

Acquisition of additional shares in Schur Flexible ABR SA

A further 12.00% in Schur Flexibles ABR SA was acquired for EUR 21,636,000 as of September 30, 2021. On December 31, 2021, a further 2.22% was acquired for EUR 4,009,000, which was not paid until January 3, 2022. At the same time, a put option was agreed on for the purchase of the remaining 5.78%, whose exercise value as of December 31, 2021 was EUR 13,630,000 and was also recognized via the equity capital (cf. Chapter 7.12). The Group recognized a reduction in the non-controlling shares of EUR 11,881,000 and a reduction in the equity capital to which the shareholders of the parent company are entitled of EUR 27,395,000 (surplus of the purchase price recognized in the equity capital of the parent company).

Acquisition of Sidac SpA

On March 31, 2021, 100% of the shares in Sidac SpA, Forlì, Italy were acquired. The purchase price of EUR 28,283,000 was settled in cash and financed by shareholder loans. The assets and debts acquired are shown in the following table.

Acquisition in TEUR	Fair value
Customer relationships	6,000
Miscellaneous intangible assets	173
Properties and buildings	3,872
Technical systems and machines	8,692
Other equipment, operating and office equipment	333
Financial assets	12
Deferred tax assets	57
Inventories	7,256
Trade accounts receivable, miscellaneous short-term assets, income tax receivables,	9,221
Cash and cash equivalents	3,084
Balance sheet total assets	38,698
Financial liabilities	17,538
Deferred tax liabilities	1,535
Trade accounts payable	6,832
Miscellaneous accounts payable / provisions	2,683
Total debts	28,587
Net assets	10,112
In-return service	28,283
Goodwill	18,171

The business and goodwill resulting from the transaction is due to the expected synergies and strategic benefits from the expansion of the operational business activity and the associated market expansion. It is not tax deductible.

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In 2021, Sidac S.p.A. contributed EUR 25,057,000 to the sales revenues and EUR 547,000 to the Group's annual result. If the acquisition of the company had taken place at the beginning of the reporting period, the total consolidated sales revenues in the 2021 fiscal year would have been EUR 658,815,000 and the consolidated result EUR -69,285,000.

The gross amount of the trade accounts receivable assumed was EUR 8,341,000. Thereof, the amount of EUR 31,000 as expected to be classified as irrecoverable.

In connection with this transaction, costs in the amount of EUR 745,000 were incurred, which were recognized in the administrative costs.

Acquisition of Termoplast S.r.l.

On June 30, 2021, 100% of the shares in Termoplast S.r.l., Gambassi Terme, Italy, were acquired. The purchase price of EUR 76,900,000 was settled in cash and financed by shareholder loans. The assets and debts acquired are shown in the following table.

Acquisition in TEUR	Fair value
Customer relationships	22,200
Miscellaneous intangible assets	38
Properties and buildings	0
Technical systems and machines	14,278
Other equipment, operating and office equipment	718
Financial assets	2
Deferred tax assets	36
Inventories	7,809
Trade accounts receivable, miscellaneous short-term assets, income tax receivables, issued shareholder loans, miscellaneous long-term assets	21,520
Cash and cash equivalents	18,092
Balance sheet total assets	84,694
Financial liabilities	12,245
Deferred tax liabilities	9,042
Trade accounts payable	7,145
Miscellaneous accounts payable / provisions	6,684
Total debts	35,116
Net assets	49,579
In-return service	76,900
Goodwill	27,321

The business and goodwill resulting from the transaction is due to the expected synergies and strategic benefits from the expansion of the operational business activity and the associated market expansion. It is not tax deductible.

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In 2021, Termoplast S.r.l. contributed EUR 31,243,000 to the sales revenues and EUR 619,000 to the Group's annual result. If the acquisition of the company had taken place at the beginning of the reporting period, the total consolidated sales revenues in the 2021 fiscal year would have been EUR 681,888,000 and the consolidated result EUR -67,746,000.

The gross amount of the trade accounts receivable assumed was EUR 20,740,000. Thereof, the amount of EUR 279,000 as expected to be classified as irrecoverable.

In connection with this transaction, costs in the amount of EUR 789,000 were incurred, which were recognized in the administrative costs.

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5 Takeover by B&C KB Holding GmbH, Going-Concern acceptance and continued existence of Schur Flexibles Holding GesmbH and its subsidiaries and events after the balance sheet date

At the beginning of the 2022 fiscal year, economic difficulties became apparent at Schur Flexibles Holding GesmbH, meaning that the continued existence of the Group companies was in doubt, particularly in the first half of 2022. The restructuring report, which is available as of September 21, 2022, cites irregularities and errors in the financial information, an excessively high debt ratio due to acquisitions and an intended sale/flotation, which is not in sufficient proportion to profitability after refinancing, a lack of organic growth and negative effects from acquisitions in previous years as well as only partially passing on raw material price increases in the sales price as the cause of the crisis. The background to these difficulties and the measures taken by the management to overcome them as well as the current assessment of the continued existence of Schur Flexibles Holding GesmbH and its subsidiaries are described in more detail below:

Until September 2021, companies of the Private Equity Fund Lindsay Goldberg held all shares in Atlas Flexibles GmbH. This company in turn holds 100% of the shares in Schur Flexibles GmbH, the 100% owner of Schur Flexibles Holding GesmbH. On September 30, 2021, B&C KB Holding GmbH ("B&C") acquired 80% of the shares in Atlas Flexibles GmbH.

As of December 31, 2021, Schur Flexibles GmbH as the parent company and Schur Flexibles Holding GesmbH and its subsidiaries had financial liabilities to third parties totaling around EUR 560 million. These were refinanced in September 2021. For the refinancing, Schur Flexibles GmbH concluded a syndicated loan agreement (Senior Facility Agreement) on September 24, 2021 with a loan commitment in the amount of EUR 575 million.

Schur Flexibles GmbH used a large part of its liquidity to finance Schur Flexible Holding GesmbH and its subsidiaries. As of December 31, 2021, Schur Flexibles GmbH had shareholder loans to Group companies of EUR 414.74 million.

At the end of 2021, the company received initial indications of possible irregularities in the financial information of the Schur Flexible Holdings Group. Against this background, the group initiated a comprehensive compliance review and started a detailed investigation of the group's financial information to date. In February 2022, after the dismissal of the previous management, the newly appointed management informed the affected stakeholders about the preliminary significant results of the investigations and reported on the errors in the financial information of the Schur Flexible Holding Group as determined up to that point in time.

The errors only concerned the consolidated and individual financial statements of Schur Flexibles Holding GesmbH, but not the individual financial statements of the group companies, and led to an increased profit situation of the group. They mainly consisted of the fact that expenses posted as operating expenses in the individual financial statements of the companies were capitalized in the consolidated financial statement as investments and then amortized over the following years.

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This led to a shift in expenses within the breakdown structure of the Profit and Loss account - the reduction in operating expenses led to an improvement in the EBITDA interim variable; this improvement was then partially compensated in the comprehensive income (EBT) by the increase in depreciation. However, there was also a phase shift in EBT (and EBIT) as a result of the temporal extension of the depreciation over several years instead of immediate entry in full as an expense.

These errors mainly related to the fact that in the 2020 consolidated financial statement of Schur Flexibles Holding GesmbH, expenses were capitalized to a significant extent that did not meet the requirements of IFRS for capitalization and would therefore have been treated as EBITDA-reducing. As a result, the actual EBITDA of the Schur Flexibles Holding Group was over EUR 52 million lower than the EBITDA reported in the 2020 consolidated financial statement and committed by Schur Flexibles GmbH to the syndicate of lenders as part of the refinancing of Schur Flexibles GmbH in September 2021. EBIT amounted to EUR -10.1 million (adjustment of around EUR -29 million) due to the compensating lower depreciation and amortization in the 2020 fiscal year. In the future fiscal years, the depreciation will decrease accordingly through the correction entries.

In addition, the new management has determined irregularities in governance with regard to bonus payments, private expenditures settled via the company and Miscellaneous assets presumably withdrawn from the company. In order to clarify the facts, management has commissioned an auditor to prepare a forensic report. After clarification of the facts of the case, the management filed a complaint with the competent law enforcement authority and initiated civil law proceedings against the previous management with regard to the resulting financial losses.

The erroneous financial information led to the fact that the loans that were made available to the Group on the basis of the inflated EBITDA values as part of the syndicate financing could not be borne by the Group in the long term. Moreover, due to the resulting violations of provisions of the financing agreement, the erroneous financial information led to the fact that Schur Flexibles GmbH was at risk of no longer receiving liquidity because these erroneous financial information represented reasons for termination in the loan agreement. B&C Holding Österreich GmbH, Atlas Flexibles Coöperatief U.A., and Atlas Flexibles GmbH granted subordinated loans to Schur Flexibles GmbH, which they essentially forwarded to Schur Flexibles Holding GesmbH. The shareholder loans of Schur Flexibles GmbH to Schur Flexibles Holding GesmbH increased accordingly to EUR 459.74 million by February 24, 2022.

On March 31, 2022, Schur Flexibles GmbH concluded a standstill and deferral agreement with its borrowers for the restructuring negotiations. The goal of the agreement was to enable the relevant stakeholders to check whether the Schur Flexible Group is capable of restructuring and which restructuring contributions are required for this.

The Lenders undertake not to assert their payment claims within the standstill period from March 31 to June 3, 2022 and/or to work hours. This period was extended on May 31, 2022 in a "Lender Support Agreement".

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Schur Flexibles GmbH was obligated to develop a restructuring concept as the basis for the further restructuring negotiations and to obtain a restructuring report from an auditing company.

This restructuring report has been available in the final draft since September 8, 2022. As restructuring measures, it describes capital measures and adjustments to strategic orientation and value creation. Specifically, the following measures are necessary for sustainable restructuring. Schur Flexible Group needs new liquidity of EUR 110 million. Until the conclusion of the restructuring, repayment amounts already due to date should be deferred further and future repayment amounts due should not be asserted. In addition, accounts payable totaling around EUR 413.1 million are to be waived by the creditors.

To complete the financial restructuring, a new syndicated loan agreement with a term of 5 years is to be concluded for the financial liabilities remaining after the debt waiver totaling around EUR 413.1 million (approx. EUR 147 million). With this loan agreement, the creditors - beyond the required liquid funds of EUR 110 million - provide another credit line to hedge future business activity due to the current volatile times. This amounts to EUR 50 million for working capital. In addition, the company is granted the opportunity to agree on additional funds in the amount of EUR 75 million.

The restructuring report is based on the assumption that Schur Flexibles GmbH's revenues from bad debts are tax-exempt in Germany. Under the aforementioned conditions, it is not necessary for a sustainable restructuring of Schur Flexibles GmbH according to the restructuring report that other creditors waive accounts receivable.

When implementing the support measures listed, the restructuring report assumes a predominant probability of securing the solvency and sustainable financing and consequently a positive continuation forecast of Schur Flexibles GmbH and its subsidiaries. On the basis of the restructuring concept described in the restructuring report, Schur Flexibles Group companies, the shareholders of the Group and all of their creditors of the syndicated loan agreement from 2021 and the Supplier Finance loans concluded the following contracts:

Lender Support Agreement dated May 31, 2022: All creditors of the financial liabilities agreed in the Lender Support Agreement that an amicable out-of-court restructuring of Schur Flexibles GmbH should take place. The restructuring contributions include in particular the obligation of the creditors of the financial liabilities not to assert and/or defer claims beyond June 3, 2022 until the completion of the restructuring or until November 30, 2022 at the latest. Accordingly, the creditors waive their accounts receivable from the given financing in the amount of EUR 413.1 million. In addition, a syndicated loan agreement with a term of 5 years is concluded for the remaining debts.

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Consortium loan agreement dated June 1, 2022: Individual banks and institutional funds undertake to grant further liquidity to Schur Flexibles Holding GesmbH and Schur Flexibles GmbH. The syndicated loan income from 2022 consists of the following tranches:

- First tranches (initial tranche) totaling EUR 60 million to cover the direct liquidity requirement: The initial tranche was paid to Schur Flexibles Holding GesmbH in three installments in June, early July and late July 2022.
- Additional tranche (incremental facility) of up to EUR 10 million, which was agreed under certain conditions from June 6, 2022 to the conclusion of the restructuring at the latest.
- Main tranches (exit tranche) totaling EUR 90 million to sustainably cover the future liquidity requirements of Schur Flexibles GmbH: The exit tranche is to be paid to Schur Flexibles GmbH in two installments of EUR 40 million with the conclusion of the restructuring and EUR 50 million within 24 months after the completion of the restructuring.

The payments of the Initial Tranche and the Exit Tranche are subject to different conditions. For the exit tranche, essentially all prerequisites for the restructuring of the Schur Flexibles Group must be met, there must be positive information from the tax office regarding the tax exemption of the waivers of accounts receivable in Germany, the restructuring report must be available in final form and the cartel releases must be issued.

The accounts payable of Schur Flexibles Holding GesmbH arising from the syndicated loan agreement from 2022 are secured by guarantees and collateral in rem from Schur Flexibles GmbH and subsidiaries of Schur Flexibles Holding GesmbH.

Schur Flexibles Holding GesmbH was allowed or may use the liquidity from the initial tranche to partially repay its shareholder loan to Schur Flexibles GmbH (return from EUR 326 million to EUR 262 million).

A condition for the granting of the syndicated loan agreement from 2022 by the creditors is that Schur Flexibles Holding GesmbH establishes two subsidiary companies in Luxembourg; transfers shares in certain Schur Flexible Subsidiaries to their new Luxembourg companies and pledges the shares in the (Luxembourg) subsidiaries in favor of the creditors.

Share / accounts receivable purchase agreement dated June 4, 2022 (SPA): Atlas Flexibles Coöperatief U.A., B&C KB Holding GmbH and Lindsay Goldberg Europe GmbH (as sellers), Aecker Amsterdam B.V. (as loan seller) and Capriel Investment S.à.r.l. (as buyer) concluded a share and debt purchase and assignment agreement on June 4, 2022.

Under the SPA, the sellers sell and assign all of their shares in Atlas Flexibles GmbH as well as all claims and rights from shareholder loans granted by B&C KB Holding GmbH and Atlas Flexibles Coöperatief U.A. as well as so-called "waiver claims" to Capriel Investment S.à.r.l. for a purchase price of EUR 1, subject to a condition precedent, and furthermore waive the assertion of the "waiver claims" subject to a condition precedent

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For the SPA and the syndicated loan contract, the following essential enforcement conditions were agreed, among others:

- cartel release by the European Commission;
- submission of the final restructuring report confirming the restructuring capability of Schur Flexibles GmbH and its subsidiaries, including a positive continuation prognosis for Schur Flexibles GmbH and Schur Flexibles Holding GesmbH;
- issuing of binding information, which confirms, among other things, that the issuance of accounts payable by Schur Flexibles GmbH does not realize any extraordinary income or that such an income is tax-exempt in Germany;
- presence of the audited consolidated financial statement of Schur Flexibles Holding GesmbH and the individual financial statements of Atlas Flexibles GmbH and Schur Flexibles GmbH.

Subordination agreement dated June 6, 2022: In the subordination agreement, the creditors of the syndicated loan agreement from 2022 agreed with Schur Flexibles GmbH and certain Schur Flexibles Group companies that the claims of subordinated creditors and group-internal claims of Schur Flexibles Group companies are subordinated to the claims of the creditors of the syndicated loan agreement from 2022.

At the time of preparing the consolidated financial statement of Schur Flexibles Holding GesmbH, the consortium contract and the SPA have already been concluded, but are not yet legally effective due to the outstanding conditions precedent. Both the cartel release by the European Commission and the provision of binding information by the tax authority are fulfilled.

The final restructuring report, which confirms the restructuring capability of Schur Flexibles GmbH and its subsidiaries, including a positive prognosis for the continued existence of Schur Flexibles GmbH and Schur Flexibles Holding GesmbH, was brought to the attention of the management and is available in trust until the last closing requirements are met with the submission of the audited consolidated financial statement and the individual financial statements.

The drawing notice for drawing the exit tranche for EUR 40 million was submitted to the agent in a timely manner.

The management of Schur Flexibles Holding GesmbH is therefore predominantly based on the current corporate and, in particular, liquidity planning against the background of the agreements described above, based on a closing of the restructuring with predominant probability and thus on the continued existence of Schur Flexibles Holding GesmbH and its subsidiaries as Going Concern.

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6 Error corrections with regard to the 2020 IFRS consolidated financial statement

According to IAS 8.42, a company must retroactively correct errors from earlier periods in the first complete completion after the discovery of the errors. However, the only other interpretations of standards do not need to be corrected. The management of Schur Flexibles Holding GesmbH identified significant errors in the consolidated financial statement as of December 31, 2020, when preparing the consolidated financial statement for the fiscal year ending December 31, 2021. In the following, background, type and numerical effects of errors in earlier consolidated financial statement of Schur Flexibles Holding GesmbH discovered before the publication of the consolidated financial statement as of December 31, 2021 are explained and presented.

Background of the identified errors

After a change at the level of the principal shareholder of Schur Flexibles Holding GesmbH and new staffing in the area of central management roles of the Group, doubts about the integrity of the information on the asset, financial and earnings situation of the company reported up to that point in time were raised by the new management at the beginning of 2022. Subsequently, the new management commissioned external consultants and analyzed the consolidated financial statement for the 2020 fiscal year for errors over a period of about 7 months and retraced and documented the underlying transactions.

Description of the type of identified errors

The analysis of the previous balance sheet preparation described in the above paragraph showed that in numerous cases, unjustified capitalizations occurred in the previous periods without the prerequisites prescribed by IFRS being met. In the absence of these requirements being met, the affected expenses would therefore have been recognized in the profit and loss account in a manner affecting net income. Through these capitalizations, the asset, financial and earnings situation was presented as if the expenditures were not operational expenses, but rather acquisition transactions for assets. In the cases concerned, the operating expenses would therefore have been correctly recognized as operating expenses in the profit and loss account and would have reduced the consolidated result for 2018 through 2020. Although recognized assets are also expensed in subsequent periods through ongoing depreciation and amortization and thus reduce the reported net income, the correct presentation would have resulted in a lower net income for the period and a different recognition in the profit and loss account, as shown in the following figures. This capitalization increased the EBITDA (defined as operating result plus depreciation and depreciation on tangible assets and intangible assets), but partially compensated by increased depreciation in EBIT (corresponding to the operating result).

In other cases, expenses were presented in the profit and loss account in such a way that they did not appear as operating expenses but as financial expenses, contrary to the provisions of IFRS. In addition, losses incurred were presented as results of discontinued business units. In these cases, the analysis now carried out did not provide any evidence that the conditions required by IFRS for such a presentation were met. This presentation also had an increasing effect on the EBITDA.

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In summary, the analysis of various postings showed that these had essentially been made at Group level and at the local level of Schur Flexibles Holding GesmbH and that the recognition of the transactions concerned was not covered by the applicable IFRS accounting standards or generally accepted accounting principles. The affected recognition of business transactions led to a presentation of the net assets, financial position and results of operations in the consolidated financial statement for the 2020 fiscal year that contradicted the provisions of IFRS, so that a retroactive correction of the balance sheet as of January 1, 2020 had to be carried out in the consolidated financial statement for the 2021 fiscal year and balance sheet figures as of January 1, 2020 and December 31, 2020 had to be presented as corrected comparative figures for the previous year in the consolidated financial statement as of December 31, 2021. In addition, a correction of the profit and loss account and the cash flow statement for 2020 is required, so that the corresponding comparative figures for the prior year for 2020 must also be adjusted in the present consolidated financial statement for 2021. The necessary error corrections also concern the information in the Notes to the consolidated financial statement to the affected items.

In the case of missing documentation of facts, the balance sheet business transactions were completely eliminated in the course of error corrections, partially adjusted in the event of incorrect documentation.

Correction of balance sheet items

The following describes facts in which a balance sheet accounting that contradicts the provisions of IFRS was applied. The amounts of the necessary corrections are then presented in detail in table form.

Unjustified capitalization of fixed assets**Capitalization of consulting and personnel-related costs**

The capitalizations carried out in 2020 related to consulting services in connection with programs for cost reduction or other optimizations, the development of sustainability strategies, the support of the controlling and financial sector as well as various other consulting services. These could not be activated according to the type of consulting service or the documentation on services actually provided was missing. In addition, ongoing expenses from IT projects were capitalized, whereby in some cases there were duplicate recognitions at the local and group level. In addition, bonuses were capitalized under this position for employees who were granted when defined goals were achieved, as well as amounts under the title Business Development. These expenses do not meet the capitalization requirements of IFRS, since these items are not identifiable assets that are under the company's power of disposal.

In previous years, consulting services as well as personnel-related costs from various company areas such as sustainability, purchasing, etc. were also capitalized to a significant extent. In some cases, the determination of the capitalized amounts was not comprehensible or was carried out at a flat rate. In general, none of these capitalized items met the requirements for the recognition of an asset.

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Intangible assets

Benchmark

Under the heading Benchmark, costs for the further development of a leased software were capitalized. Of the amount capitalized in 2020, only a small amount can be transferred to actual costs incurred. There was no evidence of the difference to the costs incurred. Even the actually assignable costs did not meet the prerequisites for capitalization according to IAS 38, since these expansions were inseparably connected with the software and no independent asset was created. Therefore, the entire capitalized amount had to be corrected.

Development costs - R&D

In addition to other requirements of IAS 38, the capitalization of expenses incurred in connection with the development of new products requires that the expenses incurred can be clearly allocated to specific development projects. The amounts actually capitalized as a lump sum related to personnel-related costs for employees working in research and development. It was not possible to allocate the expenses incurred to individual development projects, even after research carried out in 2022. Therefore, the prerequisites for capitalization according to IAS 38 were not met.

Software/IT

Expenses incurred in connection with the acquisition of software must be capitalized in accordance with IAS 38 when the rights to the software are acquired. The capitalized expenses related to various purchased services that do not, however, convey any rights to software (software as a service). In addition, lump-sum costs incurred internally, for which there was no evidence of the permissibility of the capitalization, such as an assignment to certain software projects, were capitalized. Therefore, the capitalization of the recognized amounts had to be corrected.

Goodwill

In fiscal year 2019, a participation in Scandiflex Pac was acquired. In this context, an account receivable from the sellers was recognized, which was based on claims for damages made against the sellers, which were, however, never acknowledged. The account receivable was derecognized in the 2021 fiscal year, but should never have been recognized. As a result, the reported goodwill was set too low and was corrected accordingly.

Property, plant and equipment

"Plant Redesign" and "Ramp-up"

Capitalization of existing plant/machinery was carried out under this heading. In accordance with IAS 16.12 et seq., subsequent capitalization of expenses for existing machinery is only permitted if the underlying services lead to an improvement in the machinery beyond its original condition or if it involves the replacement of major components. However, mere maintenance expenses to keep a machine in working order may not be capitalized. For activation, the resulting outputs must also be clearly assigned to a specific machine.

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The capitalized items included, among other things, lump-sum personnel-related costs, expenses from ongoing maintenance, increased production costs, costs for surplus materials, freight costs that exceeded a "normal" level, costs for the relocation of machines within the Group and costs that could not be allocated to an actual expansion or improvement on a specific machine, etc. In addition, there were double recognitions or in some cases it was not possible to obtain documentation of the amounts posted.

The content of the items listed showed that in many cases these were expenses that went beyond a "normal" level or for which there was no evidence of an actual expansion or improvement of specific facilities. For example, overtime was activated by employees, waste and increased production costs, but also increased freight costs, which resulted, for example, from the relocation of machines to another location.

As the capitalized amounts either fell under a capitalization prohibition, such as expenses that exceed a normal level or expenses in connection with the relocation of machinery, or there was no evidence of an actual expansion or improvement of assets, the capitalized amounts had to be corrected.

"Trial Runs"

Capitalizations of items that did not relate to machines but to customer orders were carried out under the heading "Trial runs". In principle, costs incurred for customer orders can be capitalized as an asset in accordance with IFRS 15 under certain conditions, but may not be capitalized on machinery and property, plant and equipment, as happened in this case. This requires a clear allocation of the costs to individual customer orders. Such an allocation was not carried out at the estimated costs. Therefore, the activations performed had to be corrected. In addition, documentation and/or Evidence of the recognized amounts available.

Maintenance

Under the Maintenance title, ongoing maintenance and repair expenses were mainly activated. In accordance with IAS 16.12 et seqq., capitalization of expenses for existing machinery is only permitted if the underlying services lead to an improvement in the machinery beyond its original condition or if it involves the replacement of major components. Maintenance and repair costs to maintain the operational condition of a machine may not be capitalized. For activation, the resulting outputs must also be clearly assigned to a specific machine. For the capitalized individual items, neither the proof of the improvement of machines nor a concrete allocation of the expenses incurred to individual systems was possible. Rather, costs were capitalized on a flat-rate basis at Group level. Therefore, the capitalized amounts were corrected.

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Flying Doctors

Flying Doctors are employees of the Group who support individual companies with regard to the adjustment, optimization and commissioning of technical systems. The total personnel-related costs of this department as well as pro rata personnel-related costs of operations management were capitalized as a lump sum without evidence of specific contributions to the improvement of individual machines. In addition, personnel-related costs were activated by employees in the field of sustainability under this title. These costs cannot be capitalized according to either IAS 16 or another IFRS standard. Therefore, the entire position had to be corrected.

Application Engineers

Application Engineers are employees of the Group whose task lies in the technical validation of packaging materials at customers or even in advance in the Group or at system partners. The personnel-related costs incurred were capitalized under the item "Technical systems and machines". Since these services are not related to improvements in individual machines, the capitalized amounts were corrected.

Flexoplates and Engravings

Flexoplates and Engravings are custom-made tools that are required in the context of production. The production costs incurred are capitalized in accordance with IAS 16. Remuneration received from customers must be delimited according to the useful life of the tools. This delimitation was not carried out for the Flexoplates. In 2020, expenses were also recognized twice as part of the capitalization. These amounts were corrected. Omitted sales delimitations were also corrected.

Miscellaneous other capitalizations

In addition, various other personnel-related and material costs were capitalized that did not meet the capitalization requirements of IFRS, as they were determined on a lump-sum basis or a contribution to the creation or improvement of an asset could not be proven.

Impairment

The impairment tests carried out in the past were based on the projection of incorrect EBITDAs as expected future cash flows, meaning that the planning derived from this in the past was not realistic from the management's perspective. In the course of determining a realistic recoverable amount within the meaning of IAS 36, the assumptions in the impairment tests for the dates January 1, 2020 and December 31, 2020 were adjusted and the calculation was carried out again on the basis of cash flow forecasts adjusted to the actual or expected performance of the cash-generating units. The target figures used in the forecast were derived from the current figures or the restructuring plan, taking into account only those effects that could be known on the respective reporting date of the impairment test.

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Based on the new calculations, there was an impairment as of January 1, 2020, which concerned the Schur Flexibles brand and the CGU Extrusion & Protein. At CGU Extrusion & Protein, the intangible assets and tangible assets were allocated.

Unjustified capitalization of inventories and accounts receivable**Inventories**

In previous years, in addition to the manufacturing costs already recognized at the local subsidiaries, at the Group level, additional manufacturing costs were recognized on inventories. There were no documents on the background justifying the bookings. There was also no disposal of the capitalized amounts, e.g. due to the sale of the affected inventories, in the following years. In 2020, additional capitalizations were also carried out at Group level under the heading "Adjustment of standard costs to actual costs". No documentation was available for this either. The capitalization was carried out although the inventories were already valued at actual cost at local level and therefore had a double effect.

In accordance with IAS 2, only costs incurred in the course of the acquisition or manufacture of products intended for sale or attributable to the acquisition or manufacture are to be capitalized as inventories. Since there was no evidence of such attributability of the capitalized amounts, these capitalizations had to be corrected.

Accounts receivableSopalplast

In 2020, accounts receivable from a supplier ("Sopalplast") were capitalized at Group level due to inadequate deliveries. These claims had already been recognized at the local level. Therefore, there was an incorrect double recognition of this fact in the consolidated financial statement, which had to be corrected.

Discounts

In addition, the management recognized receivables from suppliers and service providers due to suspected discount claims. This item mainly concerned companies that provided consultancy services in 2020. None of the recognized discount claims were granted at a later date and the entire accounts receivable were dissolved again in 2021. Economically, this was a reduction in the corresponding accounts payable. According to IFRS 9.3.3.1, accounts payable can only be reduced or derecognized if they have been repaid or if the creditor has been legally released. These conditions were not met. Therefore, the recognized amount had to be corrected.

Miscellaneous increases in accounts receivable

Additional accounts receivable were recognized in 2020 as part of the preparation of the consolidated financial statement. These pertained to facts that were already recognized at the local level and were therefore taken into account twice. Regarding the additional accounts receivable recognized as of January 1, 2020, there was no information that justified an additional capitalization of claims. Due to the double recognition of accounts receivable, these items had to be corrected.

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Moneta

An account receivable already recognized in the 2019 fiscal year from a legal dispute relating to the acquisition of Moneta s.r.o. in previous years was increased in the 2020 fiscal year by an amount for legal fees incurred. The recoverability of the accounts receivable was and is doubtful in light of the circumstances. The accounts receivable would have been recognized at fair value, which would have been close to zero due to the doubts about recoverability.

Offsets to the parent company without a documented legal basis

In 2020, the group of companies included in the consolidated financial statement was reduced. Therefore, the parent company of Schur Flexibles Holding GesmbH was no longer part of the consolidated financial statement. In 2020, Schur Flexibles Holding GesmbH charged consulting and personnel-related costs incurred for consulting services to the parent company Schur Flexibles GmbH under the heading "Refinancing" and thus increased the income in the scope of consolidation of Schur Flexibles Holding GesmbH. For a large part of the invoiced costs, there was no evidence of the services provided to Schur Flexibles GmbH as part of the refinancing. The income from the offsets and the corresponding accounts receivable were therefore corrected accordingly.

Adjustment of provisionsBonus provisions for group companies

In fiscal year 2020, the bonus provisions for employees of individual group companies were reduced at group level. The actual disbursements to employees, which were also made before the time of finalization of the consolidated financial statement, exceeded the amount recognized after reduction of the provision. Provisions are to be recognized according to IAS 19 with the amount of the best possible estimate of the expected payments. Therefore, the recognized provisions were corrected.

Bonus reserve Schur Flexibles Holding GesmbH

Likewise, in 2020, the bonus provision for the management of Schur Flexibles Holding GesmbH was dissolved at Group level. In fact, however, the originally recognized provision in 2021 was also paid to management as remuneration for services rendered. Since the provision amount for bonuses of the management of Schur Flexibles Holding GesmbH recognized in the 2020 consolidated financial statement was therefore too low, a corresponding correction was made.

Adjustment of equity capital / accounts payableCorrection of PPA from 2018

In 2018, the company recognized an income from the acquisition of a company. In principle, an acquisition of a company can only lead to an income if the purchase price is lower than the acquired assets minus the debts. The income was partly due to the fact that loans granted to the acquired company by the seller and by Atlas Flexibles GmbH, the parent company of Schur Flexibles GmbH, prior to the acquisition were not classified as accounts payable but as equity capital. This led to a lower debt on the part of the company and thus to the difference between the purchase price and the net assets acquired. The analysis of the loan agreements showed that they do not meet the requirements for classification as equity capital in accordance with IAS 32 and should therefore be presented as an account payable. Therefore, the items were corrected accordingly on January 1, 2020.

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Additional corrections related to the incorrect calculation of non-controlling interests and write-downs of investments and accounts receivable from companies not included in the scope of consolidation - due to lack of materiality - as well as the recognition of existing pension liabilities.

In the course of preparing the 2021 consolidated financial statement, the company identified further matters that were not presented correctly in the past. These were also adjusted in the present consolidated financial statement. Essentially, these corrections concern the following areas:

Flexoplates and Engravings

Changes to the engravings result from an adjusted depreciation and sales accrual pattern. Prior to January 1, 2020, a - undetectable - degressive depreciation pattern was changed. The analyses of actual usage show that linear depreciation over 24 months reflects the actual usage history. In addition, no interim profit elimination was carried out for a portion of the engravings sold in the Group. This was also corrected.

UNI other adjustments

The adjustments in previous years in the companies of the Uni subgroup relate to the impairment of individual assets that were assessed as not recoverable, incomplete personnel-related provisions from defined benefit plans and incorrect extrapolations of assets that are the subject of sale and leaseback agreements.

Deferred tax assets on loss carried forward

The reassessment of deferred tax assets on loss carried forward showed that the realizability was not sufficiently verifiable in individual cases. Therefore, the stated amounts were corrected. Counteractive effects on deferred taxes resulted in connection with other corrections made.

Components of the cash and cash equivalents

In previous years, the cash pool accounts receivable of the SFH Group companies vis-à-vis Schur Flexibles GmbH, which is located as a cash pool carrier and parent company outside of the consolidation group, were presented as cash and cash equivalents.

This presentation is not justified because the balance cannot be converted into liquid assets at any time and in the short term without a significant impairment risk. The recognition has therefore been adjusted.

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Presentation of factoring

A new analysis of the existing factoring contracts led to an adjustment of the item for the "Continuing Involvement" for individual accounts receivable.

Effective interest method

The Group was financed via the parent company Schur Flexibles GmbH, which was not included in the consolidated financial statement. Since modifications of the conditions were not recognized according to IFRS 9, corresponding adjustments were necessary.

Accounts payable from supply financing

Individual companies of the Group transferred trade accounts payable to the parent company, which were not included in the consolidated financial statement. This transferred the accounts payable within the framework of Supplier Finance programs to financing institutions. The Group reported the transferred accounts payable as accounts payable in the context of supply financing. This presentation was corrected because the Group did not have any contracts with the financing institutions, but from the Group's point of view, these were accounts payable toward the parent company.

Correction of items in the Profit and Loss Account

Unjustified reclassification of expense in the Profit and Loss Account to areas outside the operating result

Recognition of results from discontinued business units

According to IFRS accounting regulations, only results that actually originate from a company's discontinued material business units are to be presented in a separate item outside the current result. A recognition as a discontinued business unit is linked accordingly to the requirements precisely defined in IFRS 5. A loss from discontinued business units was reported in the 2020 fiscal year, although these conditions were not met, as this did not involve the discontinuation of significant business units, but merely the liquidation of immaterial subsidiaries and the closure of individual plants and transfer of customer relationships and machines to other Group divisions. Therefore, the presentation was corrected.

Recognition in financial result

Expenses from bank fees and credit insurance premiums for accounts receivable as well as foreign exchange differences incurred are to be attributed to the operating business and are to be reported in the operating result in a manner affecting expenses accordingly. These expenses were recognized in the financial result in 2020. This was corrected.

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Amount correction of the affected items of the consolidated financial statement**Balance sheet**

01/01/2020	Effects due to error correction		
Assets in TEUR	as previously reported	Adjustments	Adjusted
Intangible assets	92,983	-21,867	71,116
Property, plant and equipment	189,408	-21,515	167,893
Assets under construction	34,102	-30,879	3,224
Deferred tax assets	5,382	-2,549	2,833
Miscellaneous	10,212		10,212
Long-term assets	332,087	-76,809	255,278
Inventories	70,011	-1,796	68,215
Trade accounts receivable	42,374	-1,140	41,234
Income tax receivables	2,131	-2	2,129
Shareholder loans granted		62,319	62,319
Assets classified as held for sale	1,604	-1,604	
Miscellaneous assets	61,177	-18,499	42,679
Cash and cash equivalents	72,688	-62,288	10,401
Miscellaneous			
Short-term assets	249,985	-23,008	226,977
Balance sheet total assets	582,072	-99,818	482,255
Liabilities in TEUR			
Share capital	35		35
Capital reserves	61,934		61,934
Revenue reserve	67,622	-107,806	-40,184
Miscellaneous reserves	214	-95	119
<i>Equity capital attributable to the shareholders of the parent company</i>	<i>129,804</i>	<i>-107,901</i>	<i>21,903</i>
Non-controlling shares	9,861	131	9,992
Equity capital	139,665	-107,770	31,894
Shareholder loans	140,983	13,667	154,650
Investment grants	262	79	342
Financial liabilities	53,983	2,078	56,061
Miscellaneous long-term accounts payable	2,911	599	3,510
Provisions	862	1,401	2,263
Deferred tax liabilities	23,797	-15,948	7,849
Long-term provisions and accounts payable	81,553	-11,870	69,683
Long-term debts	222,798	1,877	224,676
Shareholder loans		38,889	38,889
Investment grants	79	-79	
Trade accounts payable	98,234	-779	97,455

Notes to the consolidated financial statement as of December 31, 2021

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Schur Flexibles Holding GesmbH, Vienna Neudorf

Accounts payable from supply financing	9,477	-6,776	2,701
Financial liabilities	61,401	-38,823	22,578
Contract liabilities	4,595	10,713	15,308
Miscellaneous accounts payable	39,601	2,782	42,383
Income tax payables	1,559		1,559
Provisions	4,663	148	4,811
Short-term debts	219,609	6,075	225,685
Debts	442,408	7,952	450,360
Balance sheet total liabilities	582,072	-99,818	482,255

12/31/2020	Effects due to error correction		
Assets in TEUR	as previously reported	Adjustments	Adjusted
Intangible assets	92,356	-23,529	68,827
Property, plant and equipment	206,081	-52,406	153,675
Assets under construction	19,996	-15,264	4,733
Deferred tax assets	3,854	-1,955	1,899
Miscellaneous	16,212		16,212
Long-term assets	338,500	-93,154	245,345
Inventories	69,322	-4,081	65,241
Trade accounts receivable	36,542	-172	36,370
Income tax receivables	660		660
Shareholder loans granted		91,474	91,474
Assets classified as held for sale			
Miscellaneous assets	41,122	-14,050	27,073
Cash and cash equivalents	110,646	-91,443	19,202
Miscellaneous			
Short-term assets	258,293	-18,272	240,020
Balance sheet total assets	596,792	-111,427	485,366
Liabilities in TEUR			
Share capital	35		35
Capital reserves	65,060		65,060
Revenue reserve	59,536	-134,500	-74,964
Miscellaneous reserves	-1,250	353	-898
<i>Equity capital attributable to the shareholders of the parent company</i>	123,380	-134,147	-10,767
Non-controlling shares	11,771	-546	11,224
Equity capital	135,151	-134,694	457
Shareholder loans	145,886	19,334	165,220
Investment grants	309	0	309
Financial liabilities	56,669	5	56,674
Miscellaneous long-term accounts payable	1,793	3,279	5,071
Provisions	855	1,474	2,329
Deferred tax liabilities	22,010	-18,246	3,764

Notes to the consolidated financial statement as of December 31, 2021

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Long-term provisions and accounts payable	81,327	-13,488	67,839
Long-term debts	227,521	5,846	233,367
Shareholder loans		66,498	66,498
Investment grants	176		176
Trade accounts payable	77,676	238	77,914
Accounts payable from supply financing	22,749	-13,990	8,758
Financial liabilities	84,529	-66,392	18,136
Contract liabilities	3,806	10,793	14,599
Miscellaneous accounts payable	37,689	20,638	58,326
Income tax payables	2,451		2,451
Provisions	5,046	-363	4,683
Short-term debts	234,120	17,421	251,542
Debts	461,641	23,267	484,909
Balance sheet total liabilities	596,792	-111,427	485,366